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Pontiff, Hassan Confer

Morocco Stop Is First Papal Visit To Arab Nation

CASABLANCA, Morocco — Pope John Paul II, on the first official papal trip to an Arab nation, urged Christians and Muslims on Monday to abandon their "old habits" of war and polemics, and to bury their differences.

Vatican officials described the Moroccan stop as one of the Roman Catholic Church's most significant overtures to Islam. John Paul arrived from Nairobi, where he ended a 12-day, six-nation tour of black Africa.

After celebrating Mass for Roman Catholics, mostly French and Spanish, in Morocco, an overwhelmingly Moslem nation, the pope conferred with King Hassan II, who claims to be a direct descendant of the prophet Mohammed.

The two men reportedly were to focus on the Middle East and the issue of Jerusalem, which was captured by Israel in the 1967 Arab-Israeli war. Earlier, on the flight to Morocco, the pope said that the world "cannot deny Israel the right to be a state." But he said that the status of Jerusalem should be reviewed.

The Vatican has suggested that Jerusalem's holy sites be placed under an international authority equally acceptable to Christians, Muslims and Jews — a sentiment shared by Hassan. Israel maintains that Jerusalem is an integral part of Israel.

John Paul addressed about 80,000 Moroccans at the Mohammed V Stadium, the first time that the pope has spoken to a large group of Muslims.

Landing Morocco's tradition of tolerance, which he said is reflected in the presence of Jews and Christians since ancient times, the pope said that "dialogue between Christians and Muslims is today more necessary than ever."

"Muslims and Christians have generally understood each other badly," he said, "and sometimes, in the past, we have opposed each other and even exhausted each other in polemics and wars."

"I think God invites us today to change our old habits," he said. "We have to respect each other and also stimulate each other in good works on the road of God."

Catholicism and Islam represent the two largest religious groups in the world, with nearly 800 million and 600 million followers, respectively.

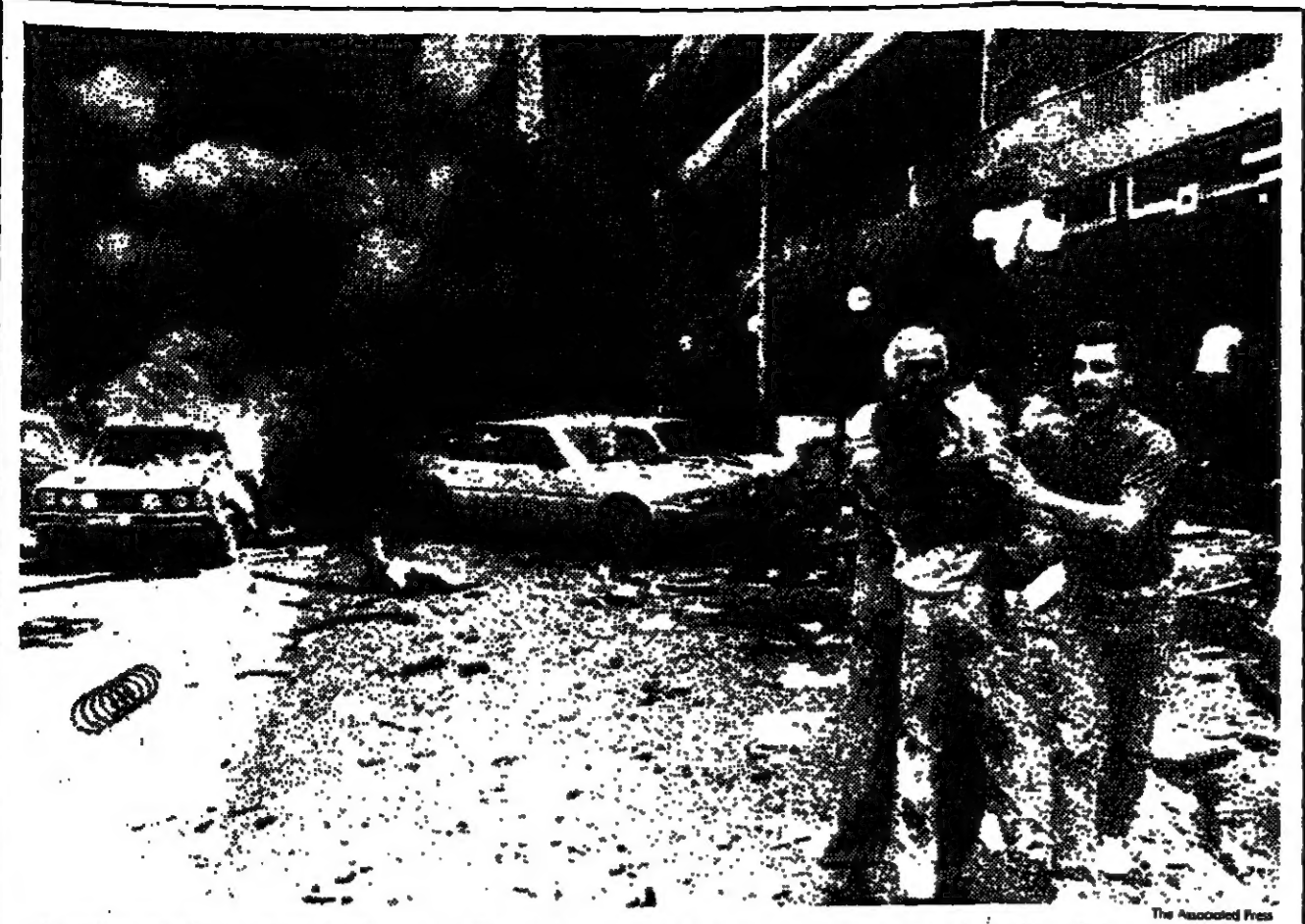
Noting "important differences" between the two religions, the pope said that they could be accepted "with humility and respect in mutual tolerance."

"Every man expects to be respected for what he is," John Paul said, "and what he believes in conscience. Here is the true sense of religious freedom which respects both God and man."

Welcoming the pope to Morocco, crowds lined the 20-mile (32-kilometer) highway from the airport to Casablanca.

Giant color photographs of Hassan and John Paul, taken on different occasions but pasted together, showed them as though kneeling before each other. The same pictures dominated the front page of the government newspaper Le Matin du Sahara.

An estimated 98 percent of Morocco's 23 million inhabitants are Muslims. The 65,000 Christian residents are mostly citizens of France and Spain, which jointly ruled Morocco until 1956.



SAVED FROM CARNAGE — A distraught man hugged his son moments after they escaped death Monday from a car bomb outside a West Beirut restaurant. Another man guided them from the site. Story, Page 5.

New Zealand Says It May Sue France for Sabotage

WELLINGTON, New Zealand — New Zealand will sue France if French involvement in the sinking of the Greenpeace ship Rainbow Warrior is proven, Prime Minister David Lange said Monday.

Mr. Lange said that New Zealand would seek damages for the ecological movement, for the family of a crewmember killed when a bomb sank the boat and for itself if an official French role was established.

The vessel sank in Auckland on July 10. It was to have led a protest fleet to France's nuclear test area at Mururoa Atoll.

A French-speaking couple have been charged in New Zealand with sinking the ship and murdering the crewmember. President Francois Mitterrand has ordered a top-level inquiry into suggestions that French secret services were behind the attack.

An ocean-going tug, named the Greenpeace, left Amsterdam on Sunday to replace the Rainbow Warrior.

In Paris, the chairman of Greenpeace, David McTaggart, vowed to continue a campaign against French tests in the Pacific despite an order Sunday by Mr. Mitterrand authorizing the use of force against unauthorized vessels in the area.

"This makes no difference at all," Mr. McTaggart said, commenting on Mr. Mitterrand's directive to the armed forces to keep intruders out of French territorial waters and air space around Mururoa and Fangatau atolls.

Mr. Lange described Mr. Mitterrand's statement as "another example of the consistently insensitive attitude" of France over the test program.

French officials said the directive was a public restatement of a permanent ban on unauthorized vessels penetrating a limit of 12 nautical miles around the atolls.

They said there would also be a 60-mile (97-kilometer) "security zone" outside territorial waters but this was equivalent to a danger warning to shipping, not a legal ban on entry.

Greenpeace said that during its past campaigns in the Pacific the French Navy had violated international law by boarding its vessels outside the 12-mile limit but within the security zone.

Mr. Mitterrand said anyone who made an unauthorized landing on French territory would be arrested and prosecuted.

The prospect of a highly publicized confrontation at sea with Greenpeace adds to Mr. Mitterrand's problems over the scandal.

Bernard Tricot, a Gaullist appointed to investigate whether the sabotage operation was planned in Paris, is expected to report his conclusions Thursday.

Mr. Lange said he had no sustainable proof of an official French role but said Wellington was taking very seriously French press reports linking the sinking to France's intelligence service, the General Directorate for External Security.

If true, the reports "would constitute a gross breach of the principles of international law," he added. Mr. Lange said Wellington had (Continued on Page 2, Col. 2)

Botha, Church Leaders Fail to Agree in Talks

PRETORIA — South African church leaders met Monday with President Pieter W. Botha, and one said later they found themselves so far apart on how to deal with racial unrest that "we hardly began to communicate at all."

The meeting was called to discuss a year of black anti-apartheid protests in which more than 600 people have been killed.

Bishop Desmond M. Tutu, snubbed last month when he asked for a private meeting with Mr. Botha, refused to attend.

Mr. Botha met the Reverend Jerry Falwell, the outspoken American fundamentalist minister, for private talks before Monday's meeting.

Mr. Falwell said after the meeting: "This country is making progress."

However, the nine South African clergymen who met with Mr. Botha gave a gloomy assessment of the talks, and one said that Mr. Falwell's perception of the problems involved was "totally inaccurate."

"There are two South Africa's and there are two clocks running in South Africa, the one at past midnight and the other one at long before midnight," said the Reverend Peter Storey, a white who is the head of the Methodist church in South Africa.

"I think we were trying to represent those for whom midnight has struck," he said, adding that he meant "the South Africa where hopelessness and despair have welled over into rage."

There are two million Methodists in South Africa, 75 percent of whom are black.

"The two perceptions of South Africa were so different we hardly began to communicate at all," said Archbishop Denis Hurley, based in Durban, who is white and is the chairman of the Southern African Catholic Bishops' Conference.

[Radio South Africa, in a commentary that often presages impending government moves, said that action taken under emergency powers imposed in 36 areas July 21 had not curbed unrest, Reuters reported from Johannesburg.]



Pieter W. Botha

Daveyton, South Africa: A Township Under Siege

By Glenn Frankel
Washington Post Service

DAVEYTON, South Africa — It began on the bleak, littered streets of this township on the eastern edge of Johannesburg the same way it has begun in dozens of other black communities — with the children.

Some of them walked out of H.B. Nyathi High School one day last August, angered over regulations setting new age limits on student enrollment, over corporal punishment and, ultimately, over the relentless inferiority of the racially segregated education they receive.

They marched, chanted and defied the police, who ordered them to return to classes. But the boycott grew to include three other schools, and inevitably there was a confrontation with police Aug. 30.

When it was over, high school classrooms had been set ablaze, vehicles had been stoned and police had shot dead four persons between 9 and 22 years old.

The deaths did not end the boycott, which by then had grown to include such other local issues as rent increases and the presence of soldiers in the township.

By then this was a township at war. More youths were killed by police, two of them in an abortive attack on the mayor's house. Five members of a family were killed in a gasoline-bomb attack, allegedly because they refused to honor a two-day strike and boycott. The houses of four local policemen were burned and looted, as were half a dozen shops.

And so last month Daveyton joined the list of 36 cities and towns designated in the government's emergency powers decree. More than a dozen persons have been rounded up.

While each of the 36 designated areas has its own chronicle of unrest, its own grievances and its own young martyrs, the story of Daveyton (Continued on Page 6, Col. 1)

Daughter Of Bhutto Going Home

By Steven R. Weisman
New York Times Service

KARACHI, Pakistan — After a year and a half of self-imposed exile, a popular leader of the opposition to President Mohammed Zia-ul-Haq is scheduled to return to Pakistan this week for a family funeral and an emotional but uncertain welcome.

Political leaders said Sunday that the returning exile, Benazir Bhutto, 31, the daughter of the late President Zulfikar Ali Bhutto, is certain to use her stay here to try to revitalize the opposition to General Zia, who has ruled for eight years under martial law.

Miss Bhutto is widely considered the heir to the once-powerful political organization of her father, who was overthrown by General Zia in 1977 and later hanged amid much international criticism.

In anticipation of possible trouble, the Zia government has placed several political allies of Miss Bhutto under house arrest and barred others from joining her when she returns with the body of her 26-year-old brother to bury him at the Bhutto estate in southeastern Pakistan.

Government officials said that the police would be out in force Wednesday, when Miss Bhutto is scheduled to arrive, and that army troops might be summoned to handle the crowds that are expected to greet her.

Adding to the drama is the mystery surrounding the death of her brother, Shahnawaz Bhutto, whose body was found July 18 in the living room of his apartment in



Benazir Bhutto leaving a mortuary at Cannes, France, after the coffin of her brother, Shahnawaz, was closed Monday.

Cannes, France. A police investigation had held up release of his body to her until Monday.

While Miss Bhutto has spoken out from exile as an opposition leader, her brother played a more shadowy role. He and another brother, Murtaza, were said to lead

(Continued on Page 2, Col. 2)

Guerrillas, Political Allies Split on Raids in Salvador

By Robert J. McCartney
Washington Post Service

MEXICO CITY — Deep fissures have developed between El Salvador's Marxist guerrilla leaders and the more moderate politicians allied with them. The politicians have begun to criticize publicly the guerrillas' attacks on civilian targets.

The disputes reinforce the perception that the guerrillas often operate independently of the civilians, such as Guillermo Ungo and Ruben Zamora, who live in exile and travel widely as spokesmen for the rebel movement.

This disagreement is likely to fuel assertions by critics of the Salvadoran left that the politicians lack significant influence. Included among these critics is the Reagan administration, which has maintained that the military leaders wield the real power and the politicians help give the rebels a more moderate image than they deserve.

There is a parallel in Nicaragua, where the Sandinista rebels gained international support for their revolution in part because they were allied with moderate businessmen and politicians. Since 1979, when the Sandinistas took power, many of these former allies have become disillusioned and have turned against the government.

The politicians in El Salvador's rebel movement had differences with the guerrillas in the past, but generally kept them private. Since the spring, however, leftist civilian leaders have criticized the guerrillas publicly for burning town halls and, most dramatically, for attacking a row of sidewalk cafes in San Salvador in June. Four U.S. Marines and nine civilians, including two Americans, were killed in that attack.

Mr. Ungo and Mr. Zamora issued formal statements objecting to the café attack.

However, top guerrilla leaders brushed aside these objections at a rare meeting last month with American reporters in rebel territory.

"It is completely normal that in some situations there can be different opinions," said the guerrilla commander, Jorge Shafik Handal.

A full rupture seems unlikely in the near future, but the disputes appear likely to diminish the credibility of Mr. Ungo and Mr. Zamora in their role as spokesmen for the Salvadoran left, according to Salvadoran and U.S. political observers.

Mr. Ungo played down the differences in an interview, saying that some disagreements had become open this year because the guerrillas and politicians are consulting more closely on a greater number of issues than in the past.

Mr. Ungo is president of the Democratic Revolutionary Front, known by its Spanish initials FDR, which includes several political parties and professional organizations that share an ideology close to that of West European social democratic parties. The FDR is allied with the Farabundo Marti National Liberation Front, or FMLN, which consists of five guerrilla forces.

The FMLN declines to call itself Marxist, but its political statements and guerrilla warfare are firmly within the Marxist revolutionary tradition.

Differences have arisen in the (Continued on Page 2, Col. 5)



Guillermo Ungo

BBC Checks On Security Create Furor

Compiled by Our Staff From Dispatches

LONDON — The British Broadcasting Corp., embroiled in its second public controversy in a month, said Monday that some members of its staff were secretly checked by government security officers.

"The system of so-called 'vetting' of BBC staff was introduced, at the request of the BBC, in 1937, and has continued under successive administrations," the BBC said in a statement.

The system only applied now to staff members who are "involved in sensitive areas, or require access to classified information," it added.

Earlier, parliamentary opposition leaders demanded a government statement Monday after former senior BBC officials said that a report Sunday in The Observer about such procedures was true.

Only the BBC itself decided whether to invoke the screening procedure, the statement said. The BBC also decided independently who to appoint to any post within the corporation, it added.

The revelation, coming less than a month after the banning of a documentary featuring an alleged leader of the Irish Republican Army, was seen as a new blow to the BBC's reputation for independence and impartiality.

The BBC is publicly funded, with its political and editorial independence guaranteed by its charter. Alastair Hetherington, former controller of the BBC in Scotland, (Continued on Page 2, Col. 7)

In Russia, When All Else Fails, There Is the Bread

It Is Life, People Say in Song, Verse and Legend, and It's Always Delicious

By Seth Mydans
New York Times Service

MOSCOW — The collective farm chairman lost his job and his membership in the Communist Party and is facing trial on criminal charges. Three of his subordinates also lost their jobs. Their crime: feeding bread to pigs.

The very notion has an almost sacrilegious ring to Russian ears. Pigs, after all, are pigs, and bread is bread — not only scarce but also virtually a national symbol.

In songs and poems, bread is referred to as "gold." It is the motherlode. It is the toil of the masses. It is life.

Bread is credited with saving starving people in Leningrad during the blockade in World War II.

One poet said: "Bread, that pure, that sacred word. Bread, our very lives."

In a village cafeteria in Siberia there is a poster: "Bread is the warmest, the kindest of words. Write it always with a capital letter, like your own name."

Most Russian bread these days is made from imported grain, a large part of which comes from the United States. Most Soviet grain is used as animal feed.



A Moscow worker tends an automatic bakery line making orlovsky bread, a popular type.

INSIDE

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■ Brazil would prefer to postpone a new agreement with the IMF until next year, its finance minister said. Page 9.

■ Americans' personal income rose 0.4 percent last month, despite only a modest gain in wages and salaries. Page 9.

SPORTS
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Dutch Panel Advocates Approval of Euthanasia

THE HAGUE — A government commission has recommended that Dutch law be amended to allow euthanasia in cases where patients in acute distress make a reasoned request to doctors to be helped to die.

A Health Ministry spokesman said that a report by the commission of 15 lawyers, doctors and academics released Monday urged amendments to the penal code to allow euthanasia in certain cases and subject to guidelines.

Politicians, however, say it is unlikely that any amendments will be passed before general elections in May.

The Supreme Court ruled in 1984 that medical ethics must be considered along with legal statutes in euthanasia prosecutions in the Netherlands.

Since then courts have let several doctors charged with mercy killing go unpunished, and a leftist minority party has introduced a bill that would allow euthanasia. The bill has been held up, awaiting the commission's recommendation.

The Christian Democrats, a majority in the governing coalition, still oppose liberalizing the law, a spokesman said.

The Labor Party joined the rightist coalition government in holding up the bill pending Monday's report.

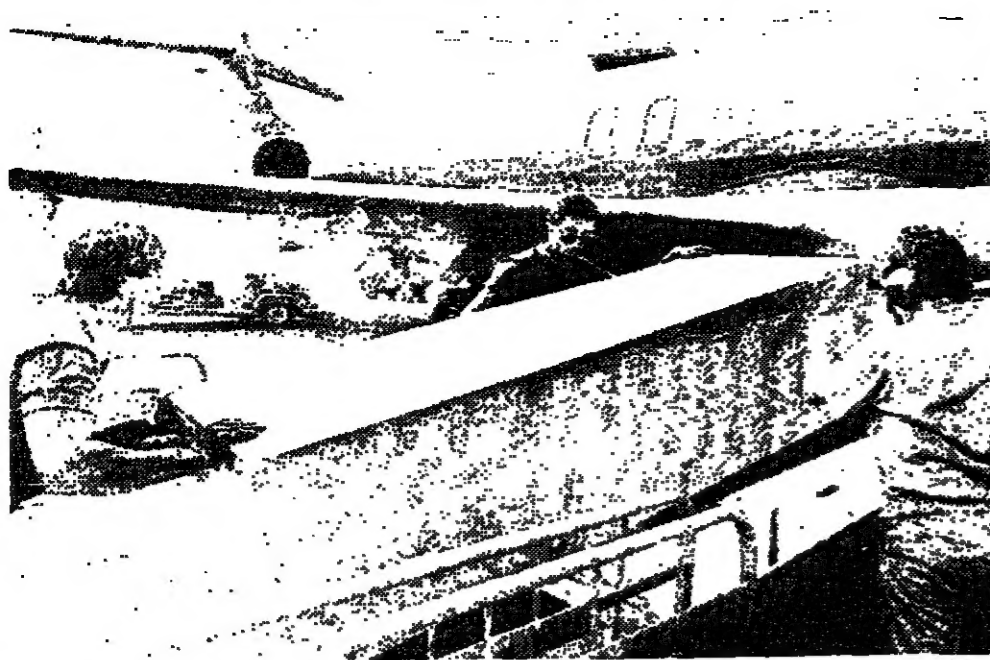
A Labor Party spokesman said that amendment of the penal code along the commission's guidelines was technically possible but that it was unrealistic to expect it before the elections in May.

The Health Ministry spokesman said 13 of the 15 members of the commission, which has studied the legal and social implications of mercy killing since 1982, favored euthanasia in cases where patients in acute distress make a voluntary and well-considered request.

The report recommended, however, that a doctor planning a mercy killing consult first with an experienced colleague.

Under present law, doctors who commit euthanasia or aid suicide are liable to up to 12 years in prison.

Several courts waived prosecution after the doctors pleaded that they acted in line with medical ethics, but in the most recent case a doctor was found guilty of murder and given a one-year prison sentence.



The coffin of Shahnawaz Bhutto being put on a plane in France on Monday.

Bhutto's Daughter Returning Home

(Continued from Page 1)

An armed opposition group to General Zia, which according to some reports was getting assistance from Libya, Afghanistan and other countries. The Pakistani government blamed the group for the hijacking of a Pakistan International Airlines jet in 1981.

For three weeks, rumors have been spreading here that Shahnawaz Bhutto may have been slain, perhaps by agents of those giving him assistance. Some politicians said that Miss Bhutto seemed prepared to accuse the Zia regime. She said recently that her brother's

death had come "under mysterious circumstances, and it had nothing to do with his health."

Such is the esteem in which the Bhutto family is held that even General Zia said he "shared" their sorrow and sent word that he would not disrupt her return for the burial.

"But many politicians doubt that Miss Bhutto is strong enough to have a significant impact on Pakistani politics. They point out that the political situation has changed greatly since she went into exile early last year after nearly three years in prison."

Diplomats and politicians, including some sympathetic to the Bhuttos, said that the opposition movement was in disarray, plagued by personal rivalries and differences over tactics. These people doubted whether Miss Bhutto, who has been living in London, could put the factions together or convince them to accept her as a leader.

The biggest change in the atmosphere has come as a result of the elections in February of a new National Assembly and assemblies in each of the country's four provinces.

General Zia, who was army chief of staff when he seized power, promised in 1983 that after the elections this year he would move the country back to civilian rule. But he banned participation in the elections by organized political parties and said that no matter who was elected, he would remain as president. Still, many politicians say they believe he will have no choice but to fulfill his promise and lift martial law soon.

Last week, the new prime minister, Mohammed Khan Junejo, who was chosen by General Zia, startled many people by saying that martial law would be lifted and that a "complete restoration of democracy" would take place by Jan. 1.

"It was the first public commitment by the government to lift martial law by a date certain," a Western diplomat said. "The timing was very effective, because to some degree it takes the wind out of Benazir's sails just as she is about to arrive."

New Zealand Says It May Sue For Greenpeace Sabotage

(Continued from Page 1)

been careful not to make allegations against France.

However, "you will observe that the French themselves have gone to work on that issue with a will," he said.

The principles of international law are that if "an instrument of government has offended the sovereignty of another nation, then it is for the aggrieved nation to claim on behalf of those who suffer loss and for itself, for all the affront that it has sustained," Mr. Lange said.

Roland Leroy, the editor of the French Communist Party's Humanité said Monday that, if the sabotage was the work of French agents, Mr. Mitterrand himself must have known about it.

"Nobody can think that a decision of this importance was taken without the consent of the president," he said. He accused Mr. Mitterrand, Prime Minister Laurent Fabius and Defense Minister Charles Hernu of approving terrorism.

On the French right, some politicians openly endorsed the sinking. Jacques Larche, a member of the Senate for the center-right Union for French Democracy, said France had legitimate interests in the Pacific and should defend them.

"The price is sometimes a high one, but one must know what one wants to achieve," Mr. Larche, chairman of the Senate's Legislative Committee, told a radio interviewer.

Poll of U.S. Teachers Shows Wide Discontent Over Pay and Prestige

New York Times Service

NEW YORK — Two-thirds of American schoolteachers polled in a recent survey say they will remain as teachers, but nearly three-fourths of them balk at recommending the career to others.

The teachers said they were underpaid, but added that they were more worried about excessive paperwork than about low salaries.

The 1,346 respondents reported an average salary of \$23,345 a year, and they said the salary should be increased by more than \$6,000.

The survey was mailed to teachers in May by Educational Research Service of Arlington, Virginia. It had a margin of sampling error of 3 percentage points.

"The study shows that the nation has a core of dedicated and competent teachers," said Glen Robinson, president of the research service. He said the teachers' major worries often differed from those listed by educational reformers or by teachers' unions.

Whether teachers will encourage others to enter the profession is an issue of increasing concern to school leaders. National studies have said schools are facing a severe shortage of teachers in the next decade, with about half the present teachers expected to retire. Some big-city districts such as New York already cannot meet their staffing needs.

The survey found that only one-fourth of the teachers would wholeheartedly recommend teaching to a young person making a career decision. Slightly more than half said they would make the recommendation with major reservations and 22 percent said they would flatly advise against becoming a teacher.

While one-fourth of the teachers said they believed the status of the occupation was improving, 44 percent said respect for teachers had diminished in the last five years. After paperwork and pay, the teachers said the next most serious problem was a lack of parental involvement with education.

Although President Ronald Reagan and administration education officials have spoken frequently of a need to curb violence in schools, only 2 percent of the teachers said they feared a physical attack on themselves or on their students.

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WORLD BRIEFS

Assets of PLO Estimated at \$5 Billion

NEW YORK (AP) — The Palestine Liberation Organization's financial holdings are worth more than \$5 billion and generate \$1 billion a year, The New York Times Magazine reported.

The portfolio is managed by the Palestine National Fund and a group of Palestinian-owned financial institutions, the report said Sunday. The Arab Bank Ltd., an Amman-based bank with assets of \$12.5 billion, plays a key role in selecting PLO investments, it said.

The magazine quoted sources close to the PLO as saying that a growing share of the group's funds is invested in Europe and the United States. But it noted that precise information on the holdings is difficult to obtain because assets in the portfolio are held indirectly through private individuals and numbered bank accounts. The portfolio reportedly includes holdings in several U.S. corporations, a hotel and airline in the Maldives Islands, hotels and office buildings in several Middle Eastern capitals and real estate in the United States.

Reagan-Shevardnadze Talks Are Set

SANTA BARBARA, California (AP) — Foreign Minister Eduard A. Shevardnadze of the Soviet Union has accepted an invitation to meet President Ronald Reagan for talks at the White House on Sept. 27, it was announced Monday.

Larry Speakes, the chief White House spokesman, said the two men would review all areas of U.S.-Soviet relations and help prepare for Mr. Reagan's meeting in November with the Soviet leader, Mikhail S. Gorbachev, in Geneva.

The Geneva meeting, set for Nov. 19-20, will be Mr. Reagan's first meeting with a Soviet leader. Mr. Speakes, in California with the vacationing president, said Secretary of State George P. Shultz and the president's national security adviser, Robert C. McFarlane, would take part in next month's meetings.

Peace Talks Suspended in Sri Lanka

NEW DELHI (AP) — The deadlocked peace talks between the government of Sri Lanka and Tamil rebels were suspended Monday when the militants walked out, a rebel spokesman said.

Selvan Haidar, the spokesman for the Foreign Ministry, said that the suspension was to permit Sri Lanka to prepare a new proposal for the Tamil minority's demands for more regional autonomy. "We trust the talks will be resumed later this week," he said.

The Tamils broke off the talks after alleging that the Sri Lankan Army massacred 200 civilians Saturday in a raid on two eastern villages near Trincomalee on the northeast coast of the island. The government called the charges a "total invention."

The Beijing Evening News said that the boat capsized when passengers rushed to one side of the vessel to watch a fight.

An official at the government-run Harbin People's Radio said that the boat was overloaded and that it was not known how many people were aboard. He said it was unlikely that there would have been more than 300.

About 110 bodies had been recovered from the boat, the official said, and the search was continuing.

The vessel, which was raised Monday, sank about 250 yards (228 meters) from shore, he said.

Gap Remains After Talks In Pretoria

(Continued from Page 1)

African whites govern 24 million blacks.

Mr. Storey said Monday, upon hearing that Mr. Falwell said he believed in Mr. Botha's intentions to reform the country:

"Mr. Falwell's perception of the situation here is totally inaccurate. He hasn't the slightest notion of what is happening in the hearts and lives and experience of the majority of people in this nation."

Mr. Falwell, head of the Moral Majority movement that urges greater adherence to fundamentalist Christian values in the United States, said after his 10-day tour in South Africa that he opposed U.S. economic sanctions to encourage change.

More than 600 people have died in anti-apartheid violence since last August, according to South Africa's Institute of Race Relations, an independent monitoring group.

In a four-page memorandum to Mr. Botha, the nine church leaders urged him to take specific steps to dismantle apartheid. They also asked him to convene a national constitutional convention, lift the state of emergency and withdraw troops from black townships.

The group was led by the Most Reverend Philip Russell, a white and the region's Anglican archbishop. He is Bishop Tutu's immediate superior.

The delegation also included two Roman Catholics, three Methodists, two Congregationalists and one Presbyterian. Four are black, four white and one is of mixed race.

Canberra Applies Sanctions

The Australian government announced limited economic sanctions against South Africa on Monday, citing the government's refusal to reform its racial policies.

The sanctions, announced by the foreign affairs minister, Bill Hayden, block all security-related exports to South Africa and asks Australian banks and other financial institutions not to make new loans to South African borrowers.

First Pyongyang-Japan Flight

TOKYO — The first North Korean aircraft to fly direct to Japan arrived here Monday from Pyongyang, carrying a sports delegation for the Universiade international student games in Kobe next week, airport officials said.

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Alasdair Milne, the BBC director-general, dismissed the report as "greatly over-dramatized."

But Mr. Hetherington said that clearances applied not only to senior personnel but to all reporters and current-affairs producers.

A Labor Party politician, George Footlakes, said that the report showed that the BBC's tradition for independence was "an illusion."

David Steel, the Liberal Party leader, said that the BBC appeared to be under Home Office control and asked Home Secretary Leon Brittan to "come clean."

Mr. Brittan was at the center of the dispute earlier this month. It was at his urging that the BBC banned a documentary featuring Martin McGuinness, of the outlawed IRA, and a rival Protestant politician.

That incident prompted BBC journalists to call a one-day strike. The ban, provoking cries of censorship, precipitated the worst internal crisis in the network's 63-year history, silencing its worldwide radio news service for the first time.

The Observer said that the surveillance unit operates, unknown to almost all BBC staff members, from Room 105 "in an out-of-the-way corridor."

The paper alleged that the office is supervised by a former army officer, Brigadier Ronnie Stannham, who works with four assistants.

(Reuters, AP)



"To walk the streets of Paris — without deadline or curfew — stalking everything wonderful to eat."

To get lost and rained on. To find the most romantic spot for breakfast and the trustiest cheesemonger. To quarrel with butchers and descend into the great baker's cellar as he pulls the day's bread from the oven. To be tempted and indulged by the city's most brilliant chefs. It's the dream of every one of us in love with food. And Patricia Wells has done it... No serious hedonist should go to Paris without it, and reading it at home is a little closer to actually being there.

— Gael Greene, *New York Magazine*

"It is impossible to read it and not want to be in Paris. Now."

— Lois Dwan, *The Los Angeles Times*

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— Frank Prial, *The New York Times*

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Latin American Emigrés In U.S. Fighting for Right To Political Sanctuary

By Wayne King
New York Times Service

HOUSTON — "For years, for the Mexican, the movement to the United States has been almost a matter of manifest destiny," Arnoldo Torres said. "Increasingly, it is becoming so for the Central American as well. It's a matter of survival. They will do whatever they have to do."

Mr. Torres, the former director of the League of United Latin American Citizens, estimates that one million to 1.5 million Central Americans, most of them Salvadorans, are in the United States illegally. Although government figures are slightly lower, everyone agrees the number is growing rapidly.

Many of the immigrants, like Antonio Hercules, 26, a busboy in a Washington restaurant where half a dozen other Salvadorans also work, came for reasons that were almost purely economic — "to make a life," as he put it.

Others, like Antonio V., a Tucson doctor who has scars on his leg from what he said was a mortar attack by Salvadoran government soldiers, assert that they came for political reasons and that they fear for their lives if they return home. Antonio V. works with the movement among churches and synagogues to provide sanctuary for illegal immigrants.

Still others, perhaps the majority, are in the United States for both political and economic reasons.

Under U.S. law, political asylum can be granted to an alien who can prove that he or she has been the victim of persecution or has a "well-founded fear" of persecution on the basis of race, religion, political belief or membership in a particular organization.

Few Salvadorans who request such asylum are granted it, however, and their supporters recently have begun to focus on another provision of the immigration law that allows aliens to remain in the United States if Congress deems conditions in their home country have deteriorated so that they cannot return home safely.

Refugees from Poland, Afghanistan, Ethiopia and Uganda, for example, are allowed to stay under the provision. Bills introduced in the Senate and House of Representatives would add El Salvador to that list.

The Reagan administration, which opposes those bills, maintains that most Central Americans have come to the United States for economic reasons.

However, a recent study by William Stanley of the political science department of the Massachusetts Institute of Technology, dealing only with El Salvador, concluded that "year of political violence is probably the predominant motive behind the decisions of Salvadorans to migrate to the U.S. since 1979."

The study found a direct correlation between the levels of violence and increases in migration. Citing this evidence, Senator Dennis DeConcini, a Democrat of Arizona, introduced a bill to grant Salvadorans now in the United States illegally the same status as refugees from Poland.

The Subcommittee on Immigration and Refugee Policy of the Senate Judiciary Committee is expected to act on the measure after Congress reconvenes in September. There are an estimated 500,000 to 850,000 Salvadorans, making them by far the largest group of Central Americans now living illegally in the United States.

Figures prepared by the Urban Institute for the Department of Health and Human Services estimated that 750,000 to 1.3 million Central Americans are in the country, the vast majority in violation of immigration laws.

Lester Cole, 81, 'Hollywood 10' Figure, Is Dead

New York Times Service

NEW YORK — Lester Cole, 81, a screenwriter who was one of the 10 Hollywood figures sent to prison in 1950 for refusing to testify before a House committee investigating Communist influence in the motion-picture industry, died of a heart attack Thursday in San Francisco.

The case of the "Hollywood 10" polarized the movie industry and marked the beginning of a period in which many people in the entertainment world accused of having subversive backgrounds, including Mr. Cole, were blacklisted and unable to find work.

Before he was subpoenaed to testify, he had written the scripts of 36 films, including "Objective Burma," "High Wall" and "The House of the Seven Gables." He was convicted of contempt in U.S. District Court in Washington and sentenced to a year in prison.

Mr. Cole helped form the Screen Writers Guild in 1933. His activism led him to be known among some studio executives as a "Hollywood red," which became the title of his autobiography in 1981, a chronicle of the filmmaking of his era.

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Several large religious denominations have endorsed the sanctuary movement, which assists and provides refuge to Central Americans who have come illegally.

Two church workers are serving prison terms for transporting illegal aliens. Twelve others face trial on similar charges in Phoenix on Oct. 15. Supporters of the movement said they are providing refuge to those fleeing civil strife in Central America and that the government's investigation of their activities violated their religious freedoms.

The administration, through the State Department, has maintained that Central American immigrants are fleeing hunger, not politics, and "hunger is not a political issue," as an immigration official in Miami put it.

Efforts to grant Salvadorans temporary legal refuge have been spurred by the difficulty they and others from the region face in obtaining political asylum. Only 3 percent of Central Americans who apply for asylum are granted it, immigration officials said, and the government has deported about 25,000 of those who applied for asylum in the last five years.

In January, for example, a 29-year-old Salvadoran who was a member of the Salvadoran teachers union told immigration officials he had been tortured with acid and his brother had been kidnapped, tortured and decapitated.

His testimony was corroborated by doctors for Amnesty International, the London-based human rights organization, but the immigration service ruled that while "the problems of the applicant and his family do not stem from persecution but from the civil strife which has torn El Salvador apart over the past five to nine years," asylum was denied.

A key question argued by those on both sides of the issue is what happens to those who are deported.

Attempting last year to survey 482 deportees, the U.S. Embassy in El Salvador was able to reach only 120. Most of the others could not be found, and 78 were in areas that embassy investigators considered too dangerous to visit.

The American Civil Liberties Union sued to obtain the names of deportees. The government identified 8,500. The organization checked these against its roll of 15,000 identified as victims of persecution. It found that 52 of the 8,500 had been killed and 47 had disappeared.

Managua Prepares for Rebel Attacks With Mass Mobilization, Helicopters

By John Lantigua
Washington Post Service

MATAGALPA, Nicaragua — Nicaraguan military leaders, confronted by a guerrilla army buoyed by the prospect of renewed U.S. funding, say they are making effective use of Soviet-supplied helicopters and plan to mobilize thousands more troops.

"We will mobilize thousands of men in the next weeks and months," said Defense Minister Humberto Ortega Saavedra last week, "because only with the people massively mobilized will this war end more rapidly."

Mr. Ortega and other military leaders said their ground forces were working in a more coordinated and effective manner with the helicopters, despite two recent surprise rebel attacks on towns in the country's interior.

Western diplomats in Nicaragua said that the prominent role played by the Mi-8 troop helicopters and the initial use of Mi-24 helicopter gunships in recent fighting marked an important change in the nature of the three-year war against the guerrillas and a significant upgrading of the Sandinist Army.

The Sandinists have said that the mobilization and the use of helicopters is part of a plan announced earlier this year to deal a crippling blow to the rebels, known as contras, by the end of the year.

On Aug. 1, forces of the U.S.-backed Nicaraguan Democratic Force, entered the town of La Trinidad, 80 miles (130 kilometers) north of Managua. The next day, another column entered Cuapa, about 80 miles east of the capital. The guerrillas besieged the militia headquarters in both towns and killed at least 65 Nicaraguans.

They damaged three bridges and ambushed and killed 29 Sandinist soldiers near the main highway in their most effective week of fighting.

Almost two months ago, the U.S. Congress approved \$27 million in "humanitarian" funding of the guerrillas. The money has not reached them, but it has freed other funds that made the attacks possible, rebel sources said.

"The attacks have been of little military value," said Lieutenant Commander Adolfo Chamorro,



Delegates to the Inuit Circumpolar Conference from Canada, Greenland and Alaska, gather periodically to discuss issues relating to Eskimos and to strengthen ties.

Eskimos Seek Land to Call Their Own Canada Moves Slowly Toward Creation of 'Nunavut'

By Christopher S. Wren
New York Times Service

FROBISHER BAY, Northwest Territories — An Eskimo homeland may seem a curious goal to those who conceive of the Arctic as a frozen wasteland. But that is the aim of the Inuit, as the 25,000 Eskimos who live in Canada call themselves.

It is called Nunavut, or "our land," in the Inuktitut language they speak. The homeland could encompass an area larger than Alaska.

The Canadian government has already agreed in principle to carve Nunavut out of the Northwest Territories and has set a target of 1987 for its creation, but the details must be worked out.

Nunavut makes a certain amount of geographic sense. The Northwest Territories include what was left over after the provinces of southern Canada were created. More than 18,000 of the territory's 49,000 inhabitants are Eskimos, living mostly in the eastern Arctic; the rest are Dene, or Indians, and whites.

And even after the government of the Northwest Territories moved from Ottawa to Yellowknife in 1967, Frobisher Bay, the largest town in the eastern Arctic, was still more than 1,400 miles (2,256 kilometers) from the new capital.

While other residents of the Northwest Territories may view the federal government with suspicion, the Eskimos in the eastern Arctic tend to feel doubly estranged.

Jim Bell, who works for a weekly newspaper in Baffin Island, said: "The enemy is Yellowknife and Ottawa. People here feel ignored and misunderstood, particularly by southern Canadians but also by Yellowknife."

Before the white man intruded, the Eskimos lived north of the treeline, the Indians south of it. Ron Mongeau, the executive officer of the Baffin Regional Council, said, "Geographically, cul-

turally and ethnically, there is a unique Indian territory and a unique Inuit territory. The needs and aspirations are so different that there is no way a central territorial government can deal with it."

The Eskimos began pressing for their own home more than a decade ago. In 1982, inhabitants of the eastern Arctic approved a proposal to split the Northwest Territories in two, with Nunavut in the east.

In February, Ottawa approved a tentative boundary worked out a month earlier by delegates from east and west. But negotiations stalled after the Eskimos living along the northwestern Beaufort Sea objected to being left out of the homeland. Nor did the Indians and whites in the west want a boundary that took away the Beaufort Sea, with its oil, and left them with less than a third of the Northwest Territories.

Even if that problem is resolved, others remain.

Frobisher Bay, the likeliest capital of Nunavut, is even more distant from some communities in the central Arctic than is Yellowknife. And southern Canadians worry where Nunavut could lead. Advocates have developed close relations with the Eskimos in Greenland and Alaska through an Inuit Circumpolar Conference.

The Eskimos have assured Ottawa that Nunavut will be just a territory, and perhaps eventually a province. But the idea of a homeland also appeals to the Eskimo minorities in Quebec and Labrador.

Mark R. Gordon, an Eskimo leader in northern Quebec, said that "we've limited ourselves to talking about an autonomous region in Quebec, although we are very eager for Nunavut to be formed."

Louis Tapardjuk, who heads the Baffin Regional Inuit Association, said there was strong interest in Nunavut. "I guess it's up to the politicians to work out the blueprints and settle the boundaries," he said.

U.S., More Alert to Spies, Seeks Curb On Communist Bloc's 'Businessmen'

By Jeff Gerth
New York Times Service

WASHINGTON — U.S. officials and members of Congress are seeking more tools to crack down on trade and commercial offices of the Soviet Union and Soviet bloc countries, which have long played a critical, largely invisible role in obtaining U.S. military technology and secrets, according to public records and law officials.

Although far outnumbered by diplomats, the commercial officials are growing in number and have unique access to information and facilities.

By operating as legitimate businesses, they can obtain credit information on business executives, visit military sites and acquire technology and documents, as well as illegally recruit spies, officials say.

The access, they add, stems in part from loopholes in U.S. laws and the status of some Soviet bloc organizations as U.S. corporations.

Now, prompted in part by disclosure of several spy cases and renewed interest in counterintelligence, Congress and law officials are focusing on ways to limit and monitor such companies.

An FBI official warns that U.S. executives are still unaware of danger of dealing with concerns like the Amtorg Trading Corp., a Soviet company in New York.

"The Soviets use a subtle approach on American businesses," said James M. Fox, head of the Soviet counterintelligence division in the FBI's New York office.

"Amtorg can run a credit check on a business, learn its financial health. If a company is in trouble they can get them contracts, gain financial leverage."

Mr. Fox said he recently wrote to the State Department about examples of "clandestine activities," six by Soviet officials at the United Nations and two by Amtorg employees.

Late last month, Congress passed legislation limiting travel by Soviet officials at the United Nations. But Soviet business officials can still travel almost anywhere in the United States, visiting naval shipyards, atomic energy installations, computer equipment conventions and observation posts near military readiness maneuvers, according to reports by the Senate Permanent Subcommittee on Investigations.

The chairman of the subcommittee, Senator William V. Roth Jr., Republican of Delaware, plans hearings this fall on proposals to restrict Soviet bloc organizations, an aide said.

Amtorg, the largest Communist trading company in the United States, was incorporated in New

York in 1924, before the United States established diplomatic relations with Moscow. U.S. officials say it served as the first U.S. base for Soviet espionage.

A 1982 CIA report noted "increased use of Soviet- and East European-owned firms locally chartered in the United States and abroad to exploit Western-controlled and military-related technology." It said there were more than 20.

According to an FBI official, the number of East European trade and diplomatic groups in the United States doubled in four years.

By operating legitimate businesses, Communist trade officials can obtain credit information, visit military sites and acquire U.S. military technology.

Over the last 40 years, some Amtorg employees have figured directly or indirectly in at least half a dozen spy cases.

In 1980, according to a law official, an Amtorg employee left for home after the FBI produced evidence that he and another official, who had already left, tried to obtain classified information from a defense contractor manager.

The manager had talked to an Amtorg official at a university lecture in New York and had then been asked, over several years, to obtain information on gyroscopic platforms, gyroscopic computers and the Saturn-5 moon rocket.

Approximately a third of Amtorg's 58 employees are considered intelligence officers, according to U.S. intelligence officials.

An Amtorg employee, Vladimir Y. Kramerov, a senior engineer, defected last year and provided the FBI with valuable information about intelligence activity, according to a source.

U.S. officials say commercial employees play a variety of roles in Soviet efforts to acquire technology. One involves legal acquisition of published data.

Amtorg purchases expensive reports and periodicals from various nuclear and atomic energy organizations, according to information it

files with its required registration as an agent for a foreign power.

Companies incorporated in the United States, such as Amtorg, "can legally purchase controlled U.S. technology and study it without actually violating U.S. export controls unless they attempt to export the equipment or related technical data" without a license, according to the 1982 CIA study.

Agents of the U.S. Customs Service, which attempts to stop illegal exports, say that legislation passed last month may give them more power to stop such activity.

Commercial officials figured prominently this summer in the biggest spy exchange in recent history, when the United States released four accused East European spies in a trade for 25 agents held in East Germany and Poland.

Two of the four were intelligence officers operating out of commercial offices: Penja B. Kostadinov, a Bulgarian intelligence officer formerly attached to Bulgaria's commercial office in New York, and Marian W. Zacharski, an intelligence official formerly with Polamco, a Polish-owned commercial firm incorporated in Illinois.

A 1982 report by Senator Roth's subcommittee noted that business executives were sometimes fooled by Polamco, thinking it was "just like any other industrial company in the United States."

The report also found that even though employees of Polamco, like Mr. Zacharski, have been convicted of espionage charges, "the Commerce Department has no authority to deny Polamco export privileges."

Employees of commercial organizations are not subject to some travel curbs imposed on Communist bloc diplomats.

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In all, athletes in 16 events will battle for Grand Prix points in four upcoming meets: the Weltklasse in Zurich on 21 August, the ISTAF in Berlin (West) on 23 August, the Weltklasse in Cologne on 25 August, and the Ivo Van Damme Memorial in Brussels on 30 August. Still to come are the Grand Prix Finals in Rome on 7 September.

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INTERNATIONAL Herald Tribune

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Top Priority for Trade

"Trade Policy — Top Priority." That should be the heading on an uppermost dossier on President Reagan's desk when he returns from his summer vacation. The multitudinous protectionist bills now before Congress include a particularly vicious one seeking a 25-percent surcharge on imports from a selection of countries. These titanic pressures result from failure to bring the dollar down smoothly over the past few years. Is it too late to quell them?

In a bad situation, philosophers seek the least bad way out. What sort of American protectionism would do least harm? To be acceptable abroad, it would have to be clearly temporary, declining by preordained steps. The form it should take is less clear.

Conventional wisdom decrees that tariffs are better than quotas, because they permit some competition from those foreigners skilled enough to creep under the tariff net. But tariffs transfer trade profits unfairly from the foreigner to America. Foreigners might prefer quotas, which limit their exports but enable them to raise their prices on each unit of sale and thus have more funds to plough back into investment and future competitiveness — as Japan's automobile firms have found in the last few years. The truth is that there is no least bad way.

Will protection help the weak firm that request it? In theory, protection gives the weak time to rationalize and re-equip. In fact, it is hard to find an instance in modern history where this has happened. Either the protection is open-ended, so there is small incentive to the firm to modernize, or it is limited in time, in which case there is small incentive to investors to lend the funds that

A Brave Judge in Chile

Chile's military rulers adopted yet another form of repression in March: death squads. In Santiago, three Communists were kidnapped and murdered by armed men in civilian clothes. Five trade unionists captured in the same raid were beaten and tortured by electric shock. Offices of a leftist human rights group were raided and staff members were beaten and raped. For all its tyranny, Augusto Pinochet's dictatorship was not previously known to cloak its crimes in civilian dress.

How do we know the thugs were connected to the government? Because, in an unexpected sequel, that cloak was stripped away by a courageous judge, José Canovas Robles. Assigned to investigate the three murders, he did so with determination. He indicted 14 police officers, including two colonels. All were expelled from the hitherto immune force known as the Carabineros. Two generals offered to resign, forcing the departure of the head of the Carabineros, a Pinochet crony.

Despite the purge, the assaults continue.

No Strings Attached?

Senator Russell Long, the Louisiana Democrat, did something this year that would seem to go against nature. He returned \$360,000 of campaign contributions that he could have kept. Members of Congress who were serving in 1980 are allowed to pocket all their leftover campaign monies (and pay personal income tax on them) when they retire, and many do. Mr. Long, who is not running next year, decided to return his unspent contributions. Now he can consider the pending tax bill knowing that he has received nothing from individuals or political action committees with economic interests in the legislation.

That is more than you can say of the two senators who have succeeded Mr. Long as chairman of the Finance Committee, Robert Dole and Robert Packwood, both of whom are running for re-election in 1986. Mr. Dole took in about \$833,000 in contributions in the first six months of 1985, including \$474,000 from political action committees; he now has the enviable total of \$1.6 million in his campaign treasury. That is guaranteed to give pause to any Kansas Democrat who might be thinking of taking on the Senate majority leader.

Mr. Packwood, the Oregon Republican, raised \$2.6 million in the first half of this year — more than any other member of Congress. About \$691,000 came from political action committees. Mr. Packwood's 1980 campaign was supported in large part by individual contributors who appreciated his work as the Senate's leading opponent of restriction on abortions. His 1986 campaign, evidently, will

FROM OUR AUG. 20 PAGES, 75 AND 50 YEARS AGO

1910: Whale Yields Harpoon Clue
PHILADELPHIA — The German steamer Ballanza, arriving here from Hamburg, reports having struck a whale in mid-ocean and may have solved the disappearance of the little Canadian whaler J. Duncan. The whaler left Halifax with a crew of seven in 1903 and was not heard of again. The Ballanza, while steaming at full speed, hit the whale and nearly cut it in two. The monster was impaled on the bows and died after a terrific struggle. Nine sailors began chopping the carcass away, when a harpoon was found imbedded in it with an ironband stamped "J.D. 1902." The Captain of the Ballanza looked up the records and concluded that the harpoon must have belonged to the whaler. Probably the crew, after harpooning the whale, was beaten in the struggle which ensued and their vessel was sunk.

1935: Nazi Penal Code Announced
BERLIN — Criminalists, professors of jurisprudence and directors of prisons from 34 nations, including a delegation of 40 from the United States, heard Dr. Franz Guenther, the German Minister of Justice, announce at the opening session of the 11th International Congress of Criminal Law and Prisons that under the new Nazi legal code, which goes into effect September 1, criminals can be punished for offenses which were not crimes at the time they were committed. The Minister said the judge is to have the power of deciding whether the defendant deserves to suffer for sins against "the popular sense of what is right," and can commit him to prison even though there is no law on the books justifying it. Herr Guenther declared that "nobody can be lucky enough to slip through the meshes of the law."

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So Botha Changed His Mind and Thumbed His Nose

By Allister Sparks

DURBAN, South Africa — It was not a sudden loss of nerve that caused President P.W. Botha to fail to announce the reform package that his lieutenants had been telling everyone he would present in his speech in Durban last Thursday night.

Nor was it pressure from hard-liners in his Cabinet that made him back down, as some commentators suggest. Mr. Botha is as much boss of his cabinet as de Gaulle was of his.

It was President Botha's own decision to turn the speech into a demonstration of the world that the Iron Man of Afrikanerdom is not going to be pushed by outside pressures, internal unrest or anything else on God's Earth. And it was that which brought out what a newspaper that reflects the sentiments of Johannesburg's business community called "the hick politician" in him.

It was the expectations deliberately raised by the president's own ministers that made him call the whole thing off and thumb his nose at the world instead. The expectations had been widely published abroad, causing him to fear that if he went through with what was being anticipated he would be seen to be following the dictates of outsiders.

In a fit of recidivism, the old machine politician of the 1940s and '50s, whom South Africa's slick publicists have tried to recast as the modern reformer of the '80s, decided that that was intolerable. He strode into a cabinet meeting on Wednesday morning and announced that he had changed his mind and was going to strike out the few reformist passages his prepared speech contained.

That was embarrassing for P.W. Botha, his indefatigable foreign minister, who had flown to a meeting with British, American and West German diplomats in Vienna a week before to tell them to expect a dramatic statement.

The word is that P.W. Botha threatened to

resign, but no one here expects him to do so. Cabinet posts are like life peaches in South Africa, and they are not readily relinquished.

Reconstructing how South Africa came to build up such high expectations, only for its president to dash them and thus make the situation much worse for it than if there had been no sales pitch in the first place, reveals a range of psychological distortions, both in South Africa and on the part of those who

There can be little doubt that P.W. Botha went in for some oversell in Vienna. The ambiguous language that Pretoria has evolved to describe its policies enables it to say things in a manner that can be interpreted one way abroad and another at home.

It also seems clear that the Western diplomats who went to Vienna, especially the Americans, who are anxious to have something to justify the Reagan administration's policy of "constructive engagement," heard what they wanted to hear. Back home they presented an exaggerated interpretation of an already exaggerated intention.

Yet another phase of magnification followed when the diplomats leaked the good news back in Washington. With journalism's natural tendency to dramatize, some startling predictions began hitting the presses.

President Botha, according to Time magazine, was about to make "the most important statement since Dutch settlers arrived at the Cape of Good Hope 300 years ago." Newsweek, drawing on the same diplomatic leaks, wrote that the president would announce a "giant step" away from apartheid, including power sharing with blacks, scrapping of the tribal "homelands," common citizenship for everyone, repeal of the influx control laws and an invitation to black leaders to a national convention to write a new constitution.

Headly stuff to anyone with some understanding of the glacier-like movement of reformist thinking in Pretoria.

New York's Representative Stephen Solarz also got carried away, after a briefing by P.W. Botha before the Vienna meeting. Mr. Solarz, an old South African hand who ought to know better, said he expected President Botha to make a "declaration of intent" that would

have "a considerable effect on attitudes toward South Africa in the United States."

The congressman's euphoria collapsed a few days later when he met the president. Mr. Solarz emerged saying that the meeting had "made a cold shower seem warm" and that President Botha had likened Nelson Mandela's imprisonment to that of Rudolph Hess.

"I am not optimistic that he is going to announce any meaningful reforms in Durban," Mr. Solarz added. Clearly Mr. Botha had already undergone his change of mind.

What he was going to say was in any event not particularly dramatic: extending citizenship to all blacks, including homelands, by drawing a semantic distinction between "citizenship" and "nationality," modifying but not abolishing influx controls; declaring a willingness to negotiate on constitutional reforms with any black leaders prepared to renounce violence, which would preclude Mandela and the African National Congress.

Without the buildup, the speech would have been welcomed as a small step forward. Blacks would not have been greatly impressed, and it would presumably have done little to defuse the unrest in the townships, but at least it would not have made things worse, which is what has happened now.

President Botha will doubtless come back to these announcements some time in the future, but they will make no impact then.

In the meantime he has revealed his lack of statesmanship for all to see and taught the West a sharp lesson — not the intended one about Afrikaner determination, but now again to be taken in by South Africa's political huckstering. It is a country to be judged by what it does rather than by what it says.

The writer is a special correspondent covering South Africa for The Washington Post.

The People Don't Want These Wars

By Thomas Powers

SOUTH ROYALTON, Vermont — The "contra" army is to overthrow the government of Nicaragua. It is not the first secret army organized and financed by the United States. If you know where to look you can find remnants, generally in dismal exile, of U.S.-backed rebel armies from the Ukraine, Albania, Burma, Laos, Vietnam, Indonesia, Tibet, Iraq, Angola and Cuba. I am probably leaving a few out. Their fates have all been melancholy.

In the weeks before the CIA-mounted invasion of Cuba at the Bay of Pigs, CIA Director Allen Dulles often fell back on his argument of last resort when President Kennedy wavered and threatened to call it off. What about the rebel army? Mr. Dulles would ask. An army presents a serious "disposal problem."

The Bay of Pigs troops were perhaps the strongest single military force in Central America. They had already put down an armed rebellion in Guatemala. They wanted to invade Cuba. If you asked them to turn in their guns they might not. Denied a chance to fight Fidel Castro, they might fight the United States. At the very least they certainly would not have anything nice to say about it. Better to let the plan go forward.

President Kennedy bought the argument. It would probably be fair to say that the United States backed an invasion of Cuba in April 1961 because it could not think what else to do with the rebel army it had organized for that purpose.

Intended as a pliant tool, that army became a controlling fact. It is not hard to imagine a similar role for the "contras" in Honduras and Costa Rica — a force variously estimated at 10,000 to 20,000 armed men. The CIA created this army for President Reagan's use in a war of nerves with Nicaragua, but last week Congress forced the CIA to abandon its role.

We are told that the rebel army is now being "advised," "directed" and even funded (with "donations" from "private" individuals) by a military officer on the National Security Council. It should be understood from the outset that this "control" is



an illusion. Running an army takes more than a deep pocket. The CIA had long experience and a large cadre of trained men; the NSC has neither.

Thus, Americans — the general public, watching the drama unfold in the newspapers — now find themselves forced to worry about not one but three loose cannon on the deck:

The plain fact is that the U.S. government and the American people parted ways long ago on the subject of the 'Soviet threat.'

Washington had few doubts about the Soviet role in these conflicts; the real argument was about limits — just how far should the United States go to defeat Soviet allies and proxies? The problem was the staying power of the American public in a conventional war — a serious consideration for any president set on re-election.

Korea and Vietnam both suggest that the public patience runs out in a hurry. Lyndon Johnson, like Harry Truman, read the New Hampshire tea leaves and decided to retire. Americans do not like long inconclusive wars. Hence the frequent resort to covert action and secret armies.

In Washington, on almost any day of the week, one can find a room full of people from the national security community wringing their hands

Import Quotas Would Worsen The Debt Crisis

By Pamela Falk

NEW YORK — The Latin debt crisis will not be solved, or even significantly ameliorated, without help from U.S. trade policy. President Reagan will have an opportunity to administer such help this month, as he decides whether to approve the U.S. International Trade Commission's recommendation to restrict shoe imports from Brazil.

This year Brazil must pay its creditors (principally U.S. banks) \$10 billion in interest on \$103 billion. Its trade surplus, without import restrictions, is expected to be close to \$12 billion. With the quota restrictions under consideration in Washington, Brazil's largest export, shoes, would be cut by 18 percent. How could Brazilians hope to pay the banks?

The shoe industry is at the heart of the problem. Brazil exported \$1.4 billion worth of non-rubber shoes in 1984. (Imported shoes account for 71 percent of the shoes sold in the United States.) But shoes are not the only issue: Congress is considering more than 100 bills to block imports from Latin America. Even a fraction of these would endanger the repaid debt of the region's \$360 billion debt.

The debt is already at issue. Americans are thinking over proposals by President Alan Garcia of Peru to peg repayment to a percentage of export earnings. They are also drawn to Fidel Castro's call for a moratorium on interest payments.

None of the five debtors — Brazil, Mexico, Argentina, Venezuela and Peru — is heeding the call for a moratorium. But all have or intend to establish ties with Cuba. They listen to Fidel Castro: "There is no other choice — cancellation of the debt or the political death of the democratic processes in Latin America."

When Latin America incurred its debt, in the 1970s, it was ruled mainly by military dictators. Today most debtor countries are democracies and have constituencies to worry about. These constituencies are increasingly aware of Washington's attitude. The United States and the IMF have asked Latin Americans to impose austerity measures, devalue their currencies, cut back on government spending and let foreign corporations set up wholly owned industries on Latin territory. Most debtor countries have complied, with the result that their exports have dropped drastically, eroding their only hope of keeping up on debt payments.

Meanwhile, foreign aid to Latin America has plummeted. Foreign corporate investment decreases daily. Capital flight continues. Investment banks turn away from the region.

And now, against this background, the U.S. Congress would erect trade barriers. It is hard to imagine a worse idea — for Latin America or for the United States.

The writer is associate professor of international relations at Hunter College in New York. She contributed this comment to The New York Times.

LETTER

Just Protect Competition

Bravo to Hobart Rowen for "The Danger Is Not All From Japan" (Aug. 1). When protectionist sentiment reaches fever pitch, the aspirin for the fever is the straight truth: The U.S. trade deficit with Japan is at least as much the result of a funny dollar and less competitive American products as it is of ramparts.

Competition needs to be revitalized. That means upgrading quality, reducing the U.S. budget deficit and working with Prime Minister Nakasone and MITI, who seem willing to try something. The worst medicine would be American protectionism.

It is a cliché, but excellence is conditioned by challenge. As for the Japanese, my experiences with them in their country or elsewhere, could not have been better. Apparently their things have to keep being said.

WILLIAM H. GAMBLE
Miami

The Human Right to Die With Dignity

By Jacob K. Javits

The writer, who is 81, was Republican senator from New York from 1957 to 1981.

ignibility. Everyone must think about dying, young and old alike. Given the new medical technology that can sustain life even when the brain is gone, we must also think about the right to die and the need for dignity in departing life.

My mind is still functioning, but if it should stop, I believe, I would be dead, and there would be no use in prolonging the agony. We owe it to ourselves and the ones we love to make provision for such moments.

It is in the highest interest of humanism that we prepare for these moments with living wills.

From a legal point of view, living wills are no different from wills that leave property, appoint guardians for children and establish trusts for charity, education and research. As lawyers help people make such ordinary wills, so they should help people provide for their living and dying. The individual making the will must be of sound mind and have the capacity to express his own wishes as to the disposition of his body. These wills could also provide for the contribution, for use in transplants, of bodily organs that are no longer of any use to the individual. Lawyers should have that responsibility, too.

The authority conferred by a living will must not, of course, be abused. Nothing could be more important, after all, than the right

to life — and the right not to have it terminated prematurely. In the event of flagrant abuse, or any possibility of it — when a decision may seem to defy the wishes of the individual who made the will, or when loved ones are unable to determine if it should be invoked, — then, of course, the patient's relatives must have recourse to the courts.

Short of a living will, the best way to provide that dignity is to use the durable power of attorney to appoint an individual to make medical decisions when the patient cannot make them. The appointed person could be a relative, a physician or a legal or religious adviser. Here, too, confusion and quarrels can be avoided by conferring the necessary authority in advance.

There is, finally, the question of money, which plays a part in even this sort of decision. Many people were shocked last year when Governor Richard D. Lamm of Colorado urged people who had no real prospect of life to "get out of the way" and stop using resources that could be used more profitably by others. That sounded callous, and it probably was, but it was the truth. We have not yet reached the point, even in America, where living or dying has nothing to do with economics. That is what makes the right to die with dignity an issue of morality as well as of policy and law.

Whether old or young, healthy or ill, we cannot go on shirking the questions of who shall live, who shall die and who shall decide.

The New York Times.

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Knesset Members Occupy House in Arab Hebron

Squatters Seek to Block Peace Talks And Revive Settlement Movement

By William Claiborne

Washington Post Service

JERUSALEM — A confrontation in Israel's governing coalition over illegal Jewish settlement in the West Bank city of Hebron intensified Monday when Defense Minister Yitzhak Rabin failed to persuade rightist members of parliament to leave a house they have occupied in the Arab marketplace since Thursday.

The rundown, four-room house in Hebron's Arab casbah has become the focus of a campaign by rightists in the Knesset to revive Jewish settlement in the heart of Arab cities.

The squatters also say they want to prevent peace negotiations between the government and a joint Jordanian-Palestinian delegation that includes members of the Palestine Liberation Organization.

Mr. Rabin, who has said the five Knesset members in the house will not be permitted to stay, visited Hebron and spoke with three Knesset members from the conservative Tehiya Party for more than an hour but was unable to convince them to leave.

The three, Goula Cohen, Eliezer Waldman and Gershon Shafat, said Mr. Rabin appealed to their consciences not to abuse their parliamentary immunity from arrest and to end their demonstration.

"We told him that our Zionist consciences demand of us to remain here," Mr. Waldman said later. He said that Mr. Rabin made no threats to forcibly evict the Knesset members, a move that the defense minister last night said he wanted

to avoid because it would be "very undignified" for Israel.

After meeting with the squatters at the Hebron military governor's headquarters, Mr. Rabin briefly visited the formerly Arab-owned house, which was purchased by the Organization for Resettlement of Jews in Hebron through an Arab middleman.

The protesters were visited Sunday by Ariel Sharon, the trade minister and former defense minister, who gave his support.

About 28 Jewish families are now living in Hebron, but virtually all of them are in the old Jewish quarter and not in the densely populated Arab casbah, a warren of narrow alleys in which there have been frequent attacks on Jewish shoppers.

Aharon Nahmias, deputy speaker of the Knesset and a member of Prime Minister Shimon Peres's Labor Party, also visited the squatters Monday and asked them not to use their parliamentary immunity during their protest.

Mr. Peres, appearing before the Knesset Foreign Affairs and Defense Committee, accused the protesters of "making light of the law" under immunity, according to the state radio, but he made no threats to remove them forcibly.

Water and electricity in the house have been cut off, but the protesters have been using facilities at a nearby army guard post.

Mrs. Cohen said at the house Sunday that she and her colleagues would "raise the flag" of Jewish settlement to protest "the atmo-



Ariel Sharon, left, the Israeli trade minister, visiting a group of Knesset members who are occupying an apartment in the heart of the Arab quarter of Hebron on the West Bank. With Mr. Sharon are, from left, Eliezer Waldman, Gershon Shafat and Goula Cohen.

sphere surrounding the legitimization of talks with the PLO."

Mr. Waldman and Michael Eitan, a member of the Knesset who belongs to the Likud Party and is taking part in the sit-in, also criticized the joint Jordanian-PLO peace initiative and what they termed efforts by the U.S. assistant secretary of state for Near Eastern and South Asian affairs, Richard W. Murphy, to talk to members of the PLO.

Mr. Murphy ended a six-day Middle East tour Sunday saying that the United States remained willing to meet with a Palestinian-Jordanian team. But his failure to do so thus far was seen as evidence that obstacles to such a meeting remained.

While Mr. Peres appeared to be attempting to defuse the confrontation with the Likud faction of the government of national unity,

members of the cabinet were split almost evenly along partisan lines over whether settlement in the Arab section of Hebron should be permitted.

A former defense minister, Moshe Arens, now a minister without portfolio, said recently that "I definitely justify purchasing of houses and land in the land of Israel, everywhere in Judea and Samaria, everywhere in Hebron. I don't see anything wrong with this." Judea and Samaria are the biblical names for the West Bank.

While neither side is seriously advocating a dissolution of the coalition government, some Labor Party Knesset members said the crisis could reach that stage if the Likud continued to side with the Tehiya Party on the settlement issue.

Meanwhile, Hebron's leading settlement activist, Rabbi Moshe

Levinger, and three followers were charged with disturbing public order Monday after they were prevented from shopping in the Arab marketplace by army troops patrolling the area. Several Arab vegetable stands were overturned by the settlers, the authorities said.

Peres Rejects Proposal

A senior Israeli official said that Prime Minister Peres rejected a proposal Sunday that Israel break off contacts on the Middle East peace process if Mr. Murphy met with a Jordanian-Palestinian negotiating team. The Associated Press reported from Jerusalem.

The suggestion was said to have come from Mr. Arens.

Mr. Peres advised the cabinet "to act calmly," and indicated that the United States did not believe such a meeting now would be helpful, the official said.

26 Die in Beirut as 2 Car Bombs Explode in Moslem Neighborhoods

The Associated Press

BEIRUT — Two car bombs exploded 10 minutes apart outside a restaurant and a mosque in mainly Moslem West Beirut on Monday. The police said that 26 persons were killed and 84 were wounded.

The bombings appeared to be a revenge attack by Christians after 55 persons were killed and 119 were wounded by a car bomb, blamed on Moslems, that exploded outside a supermarket near Christian East Beirut on Saturday.

"We have a car bomb war on our hands now," the Moslem Voice of the Nation radio said of Monday's attacks, which triggered off sectarian fighting along Beirut's Green Line.

The police said that 22 persons were killed and 77 were wounded when a car laden with an estimated 35 kilograms (77 pounds) of powerful hexogen explosives detonated outside the Hamadeh restaurant in West Beirut's Karakol el-Druze residential neighborhood at 12:05 P.M.

Four others were killed and seven were hurt when a car rigged with an estimated 50 kilograms of TNT went off 10 minutes later outside the Rawdat al-Shadein mosque in the Shiite Moslem suburb of Ghobeiri.

A previously unknown group calling itself the Black Brigades claimed in a telephone call to an international news agency in Beirut that it carried out the bombings to "counter a war of extermination aimed against our Christian people."

The anonymous caller said: "Because terrorism can be remedied only by terrorism, we proclaim war on terrorist organizations and their leaderships, wherever they may be."

"We assert that we shall confront the war of extermination," he said, "with a counterextermination war and proclaim our determination to avenge all the Christians killed, slaughtered and displaced in this country."

"We reaffirm that if Christians are not allowed to live in peace in Lebanon, no one else will be able to," he said.

President Amin Gemayel denounced the two bombings in West Beirut and two bombings in East Beirut last week, as well as the one outside the supermarket on Saturday and one on Wednesday that killed 13 persons. The "cycle of violence is not sparing anyone," he said.

The state radio quoted Mr. Gemayel as saying that the "criminal hands are moving from one area to another."

Mr. Gemayel said the bombings were aimed at disrupting Syrian efforts to reconcile Lebanon's warring sects.

Education Minister Salim al-Hoss, a Sunni Moslem, said: "The criminal hand that is hitting in East and West is one." He blamed "the enemy," apparently Israel, and did not directly accuse the Christians.

The Karakol el-Druze district is controlled by Druze militiamen, who Christian leaders blamed for Saturday's bombing.

The Ghobeiri suburb is controlled by Shiite militias allied with the Druze in Lebanon's 10-year civil war against the Christians.

Within minutes of the Karakol explosion, Christian and Moslem gunners began shelling each other along the three-mile (five-kilometer) Green Line that divides the city.

The clashes forced the closure of the Museum Crossing, the main gateway between Christian and Moslem sectors.

The owner of the wrecked restaurant, Ihab Hamadeh, said there

were no customers inside when the blast occurred. Members of his staff sustained minor cuts from flying glass shards.

One witness said he saw a blond man in his mid-30s park a Peugeot in front of the restaurant.

"The owner of a flower shop next to the restaurant told the car driver that he couldn't park there," the witness said. "The driver said he wanted to buy a sandwich from the restaurant and would only be for a minute."

The witness said the man went into the restaurant, bought a sandwich then ran away. Moments later the bomb exploded.

Red Cross Aide Seized

Gunmen kidnapped the Swiss head of the International Committee of the Red Cross mission in the southern Lebanese port of Sidon on Monday, security sources said, according to Reuters.

They said the official, Stephen Jacomi, was taken from his car near the village of Adloun, 12 miles south of Sidon on the main coast road to Tyre.

U.S. Navy Reportedly Called to Ship To Defuse Missile Fired in Gulf Raid

The Associated Press

MANAMA, Bahrain — U.S. Navy bomb disposal experts boarded a Belgian-registered oil tanker Monday to remove and defuse an unexploded rocket fired at the vessel Sunday by Iranian jet fighters in the southern sector of the Gulf, according to marine salvage sources.

The 45,700-ton vessel, the Naess Leopard, was struck by rockets and set ablaze Sunday about 25 miles (40 kilometers) east of Qatar, apparently by Iran in retaliation for

raids Thursday by Iraqi aircraft on the Kharg Island oil terminal.

The explosives experts were from the aircraft carrier Midway, shipping officials said. The ship is part of the U.S. Navy task force serving in the Gulf and the Indian Ocean.

The tanker, which was carrying kerosene, anchored off Doha, Qatar, Sunday night with the unexploded rocket still aboard.

The ship sailed to Qatar under its own power despite serious damage to the crew's quarters and navigational equipment, the sources said. No injuries were reported.

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Former TWA Hijacking Hostage Took Pictures in Captivity

By Warren Weaver Jr.

New York Times Service

WASHINGTON — One of the 39 Americans held hostage in Beirut after Trans World Airlines Flight 847 was hijacked on June 14 hid a camera from his Moslem captors and secretly took three dozen color pictures of his companions, the building in which the hostages were confined and the surrounding landscape.

He later gave the photographs to the U.S. authorities.

The former hostage, Peter W. Hill, a travel agent and tour guide from the Chicago area, said Sunday that his 35mm camera had been

packed in his suitcase, which was confiscated by the Lebanese Shiite Moslem hijackers of the TWA plane.

Later, for reasons still unknown to Mr. Hill, the bag was delivered to him in custody, with the camera apparently untouched.

Mr. Hill, 57, said he immediately hid the camera and, over the next few days, shot a 36-exposure roll of film at moments when he was not being watched. His main purpose, he said, was to record geographical information that would help U.S. security agents identify the building where he and seven other hostages were held.

In the process, he shot a few social scenes and caught one Moslem guard asleep.

Mr. Hill said that the Federal Bureau of Investigation sent slides made from his film and 8-inch-by-10-inch (20.5-centimeter-by-25.6-centimeter) color prints to him a few days ago, six weeks after he had turned over the roll. "Some of the more sensitive stuff" was missing, he said, but he declined to describe those pictures.

He said he had decided to sell the pictures to ABC News. The New York Times, Time and other publications, with all income to be given to the Word of Life Assembly of

God Church in Springfield, Virginia.

Robert Dean Stethem, 23, the U.S. Navy diver who was killed by the hijackers aboard the plane in Beirut, was a member of the church, and a fund has been started to construct a youth building there in his honor.

The Americans were taken hostage when the TWA plane was hijacked after leaving Athens. The last 39 hostages were held in groups in various locations in Beirut before they were freed June 30.

Attorney General Edwin Meese 3d said after the hostages were freed that the Justice Department

was "pursuing a number of legal courses of action relating to the events surrounding the hijacking."

He has declined to comment on reports that a grand jury investigation has been considered.

Some of Mr. Hill's pictures show his seven companions seated at a kitchen table eating "our first solid meal," an airline portion of chicken after about 10 days of captivity.

When an accidental shooting incident in the building's courtyard distracted the guards, Mr. Hill said, he grabbed his camera and took several pictures of the building's surroundings from windows, balconies and the roof.

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With 'Rain Doctors' and the Holy Father, Black Africa Is a Spiritual Supermarket

By E.J. Dionne Jr.
New York Times Service

BAMENDA, Cameroon — It was a toss-up over whose God had done the work, but it seemed clear that Someone was on the job. When Pope John Paul II arrived Aug. 12 for a brief visit in this city 150 miles (240 kilometers) inland from the Gulf of Guinea, the rain was coming down hard and there was little likelihood that it would stop.

"I've been working here all week," said Emmanuel Nkwanyi, a technician for Cameroon radio, "and it's been raining every day."

But just as the pope's Mass began, the rain halted. For a little while during the ceremony, the sun even peeked out from behind the clouds. The pope proceeded with the Mass, waved goodbye, whisked off in his jet and the rain started up again.

Martin Nkemngu, a reporter for the Cameroon Tribune, was not surprised. A week before,

the local "rain doctors," animist priests who concern themselves with controlling the weather, promised him it would not rain during the pope's Mass.

"I know there are people who can stop the rain from falling," said Mr. Nkwanyi, the radio technician. "I firmly believe that."

The story offers many clues about the religious situation John Paul confronted during his 12-day visit to black Africa. In this intensely spiritual continent, the incorporation of animism is often preferred to accidents of man or nature. Christian and Moslem denominations compete with local faiths, making Africa a spiritual supermarket, and many Africans pick and choose among aspects of the various beliefs.

Mr. Nkwanyi and Mr. Nkemngu are Roman Catholics, and part of the country's educated class. Neither would think of giving up the traditional faiths. Christians and Moslems of all

classes across black Africa return to their village priests at times of sickness, carry traditional good luck charms and make regular offerings to their ancestors.

In short, animism is alive and well. Of the six black African countries the pope visited, animism is the majority faith in four, according to Vatican estimates: Togo (64 percent), the Ivory Coast (63 percent), the Central African Republic (70 percent) and Kenya (58 percent). In Cameroon and Zaire, it accounts respectively for 40 percent and 45 percent of the population.

To define animism is to enter a world of tribal beliefs that have much in common, yet many distinctive characteristics. Horace W. Pitkin, a political secretary at the U.S. Embassy in Cameroon, has been struggling with the problem: "Animism," he said, "is any set of beliefs we can't label otherwise."

A hundred languages or more have a word for

"God," and each can have a slightly different connotation. But many animists, and Christians who retain ties to animism, argue that the various faiths acknowledge a supreme being.

In Togo, one tribe's word for God, "Yehwe," is close to the Hebrew word for the one God, "Yahweh." Animist priests in Togoville offered a prayer asking that "the great God creator, transcendent and omnipresent," send his blessings upon the pope. Most Christians, Jews and Moslems could be comfortable with that.

Yet there are also many "gods" in the animist faiths, and much more. One dictionary definition of animism holds that it sees spirits in all living things.

When a snake appeared in a shrine in Togoville where the pope was to appear, it was taken as a good sign, according to a local missionary, since the people of the area venerate snakes.

And then there are the trees. Some educated

Africans bridle at the notion that the traditional faiths "worship trees."

"They don't," said Augustin Ndi, a Roman Catholic seminarian who defends the traditional faiths. "They will see a tree in a village that is the most extraordinary, better than all the other trees. And they will say that God is in that tree. It serves as a symbol. They offer sacrifices to the tree as a way of offering sacrifices to God."

Near the airport where the pope landed in Lomé, Togo, a group of animists were performing a ritual that involved cutting a puppy with a knife and letting its blood flow onto a totem known as a legba. According to tradition, the legba needed the dog's blood as a sacrifice. It was an unseemly sight for lovers of puppies.

But John Nchami, an official of the Ministry of Information in Cameroon's northwest province, argued that ritual sacrifice has been part of the rites of tribal faiths around the world for centuries. "It's the same as in the Old Testa-

ment," Mr. Nchami argued, "where you used a ram for sacrifice."

The Old Testament analogy suits Christian missionaries, if Christianity grew from Judaism and sought to absorb aspects of other faiths, it has done the same with African religious tradition.

Sister Marie Mouchet, a missionary in northern Togo, said that the tribal funeral service is so close to the Roman Catholic one that the local clergy have been able to adopt it almost whole. Baptism is easy, too. "Water is an almost universal symbol of life," she said.

But there are limits, as the pope has been saying, not only on issues such as polygamy and a married priesthood but also on some tribal conceptions of God.

"Some tribal gods can be almost evil, jealous for sacrifice and quick to punishment," said Michael Niba, a Cameroonian Catholic seminarian. "That's not the Christian God."

Daveyton, South Africa: Township Under Siege

(Continued from Page 1)

ton under siege could apply to many of them.

A pattern has emerged that helps explain why the violence has lasted so long in this white-ruled country and why, as police quell disturbances in one region, they break out in another.

The grievances are usually local and the instigators are usually young people, restless and dissatisfied with their education, and with the dead-end prospects that await them when school days are over.

Their anger takes them to the streets, where it is often compounded by the harsh response of an undermanned and undertrained police force that, critics contend, too often opens fire when other tactics might have calmed the situation.

Something similar happened nine years ago when Soweto, South Africa's largest black urban center, exploded in student violence that shook the country for several months. But the state's police power crushed that uprising.

This time the situation is different, many analysts contend, in large part because the children are not alone. In Daveyton and elsewhere, they have support from a relatively new web of local black organizations that did not exist in 1976 and that often are led by people of the Soweto generation who intuitively sympathize with their young successors.

The result, experts agree, is not a revolution nor even what might be called a "pre-revolutionary" situation. The state still holds almost all the guns in a contest against an opponent armed only with rocks

and an occasional gasoline bomb or grenade.

But almost a year of constant unrest, much of it aimed at blacks accused of collaborating with the system, has done permanent damage to the government's long-term strategy of maintaining the essentials of white domination while nurturing and enlisting as junior partner an urban black middle class.

It has left white officials with a stark choice: revert to the tough tactics of the past or seek a different and possibly more equitable political arrangement with the black majority.

The four-week state of emergency clearly is an attempt to be tough. Police officials say their goal is to identify and isolate those they believe are instigating township unrest. They believe they are succeeding.

"Maybe 1 percent or less are the real radicals," said a senior police official in Pretoria. "They have the support of follow-on hooligans who are taking advantage of the situation and kids who are bored and looking for excitement."

He added: "Our estimate is at most 10 percent of the population is actively involved—a small, violent group that has been holding the entire community for ransom. The other 90 percent are law-abiding people who realize the need for stability. Once the situation is normalized, they will not allow this to happen again."

Daveyton's energetic black mayor, Tom Boya, 34, accepts much of that analysis and blames his town's troubles in large part on outside agitators.



Two bodyguards stand with Tom Boya, the mayor of Daveyton, and his family.

But many residents see it differently. Ultimately they hold the government responsible for their desperate poverty and for the unrest they say it has triggered.

When it was started in the mid 1970s, Daveyton was supposed to be a model township, and a sign near its entrance still promises a "Pot of Gold at the End of the Rainbow."

But the years have betrayed that promise. Unemployment is so high that Mr. Boya says he has no reliable way to count it. Nearly 100,000 people are crammed into 12,000 small houses, many of whose tiny front yards have been taken over by tin or plywood shacks.

In the darkened living room of a

house last week sat three young men, all of them local leaders of the Congress of South African Students, and all of them in hiding from police since the emergency began.

The congress, founded in 1979, is one of the many national organizations that sprang up to replace those banned by the state after the Soweto uprising, and police contend it has been one of the main elements behind the unrest.

The three young men, aged 18, 19 and 21, do not deny their role in the violence.

"There are many young ones running in the streets who look up to us for leadership," said the 21-year-old, who identified himself by the nickname Sello.

He justified the burning of the four policemen's houses earlier this year as retaliation for the deaths of students.

The blacks oppress us more than the whites," he said. "They shoot even before the whites when they see us."

The students say they look up to the outlawed African National Congress, or ANC, the exiled resistance movement, but they say they have no contact with its agents inside South Africa.

They say they admire Nelson Mandela, the imprisoned black nationalist. But the man outside jail who they say they most respect, even though they disagree with his advocacy of nonviolence, is the Anglican bishop of Johannesburg, Desmond M. Tutu.

The three say they are not eager to die. When police opened fire on a crowd returning from a funeral a few days after the emergency took effect, they ran away.

"How could we fight?" said Sello, 19. "We don't have guns. We know we can't win on the streets."

747 Tape Tells of Desperate Fight By Pilot to Steer by Engine Power

The Associated Press

TOKYO — With pieces of the vertical tail section torn away and the hydraulically powered controls going useless, the pilot of the Japan Air Lines Boeing 747 jet that crashed Aug. 12 evidently varied the power of his four engines in a desperate effort to guide the plane to a landing.

Conversation from the voice recorder, made public Monday, shows that the pilot, Masami Takahama, 49, and the co-pilot, Yutaka Sasaki, 39, kept fighting to control the plane until it crashed into a mountain, killing all but four of the 524 people aboard.

Press reports said that preliminary analysis of the tape revealed that about 6:35 P.M., 10 minutes after Mr. Takahama declared an emergency, a crew member said: "Hydraulics are all out."

Subsequently a voice, probably the pilot's, issues a series of orders, including "Turn right," "Increase power" and other instructions.

News reports said the tape contained "numerous sounds of automatic alarms and warnings in the cockpit" during the last 37 minutes, ending with a "loud noise."

Mr. Takahama had logged a total of 12,404 flight hours, including 4,588 in 747s, according to the senior jumbo jet pilot at Japan Air Lines, Yoshio Iwano.

Mr. Iwano said that Mr. Takahama was expert in the "very difficult" techniques of maneuvering the 747 solely by varying engine power.

There have been instances, especially with battle-damaged bombers, where pilots have used engine power only to steer back to base and land safely.

Experts say the 747's vertical tail and rudder had disintegrated, apparently breaking all four hydraulic systems available to move ailerons, flaps, elevators and rudder.

In addition to the cockpit voice

reporting that the hydraulic system was gone, Mr. Iwano said, the altitude changes plotted by radar indicate loss of elevator control.

Radio and radar transcripts made public by the Transport Ministry show that at 6:25 P.M., the start of the crisis and 39 minutes before the crash, Mr. Takahama told Tokyo air controllers that he was declaring an "emergency" and descending from 24,000 feet (7,317 meters) to 22,000 feet.

However, radar indicated that the plane instead climbed in the next two minutes to 24,900 feet.

"That shows he had difficulty

with the elevators, which aren't known to have blown away," Mr. Iwano said. "It only could point to an extensive damage to the hydraulic system." In such a case, he added, the pilot would throttle back all engines to idles.

With his ailerons disabled and his rudder gone, the pilot probably reduced power of the two right engines to turn to the right, or toward Tokyo, Mr. Iwano said. This would account for the wide curve near Mount Fuji, west of Tokyo.

Excess power, with no stabilizing tail fin, could explain a complete circle that occurred minutes later.

In Russia, Bread Is Life (And It's Delicious, Too)

(Continued from Page 1)

than 20 cents, it is one of the cheapest foods in the Soviet Union and is a symbol of the government's care in meeting basic needs.

No matter what step Mikhail S. Gorbachev, the Soviet leader, may plan to readjust the economy and its artificial prices, it is difficult to imagine his raising the price of bread.

Last year, the grain harvest was only 170 million tons—far short of the government's target of 240 million tons. As a result, 55 million tons of grain were imported.

About 27 million tons of the imported grain, including about six million tons from the United States, consisted of wheat and most of that was bread-quality wheat, making up close to three-fourths of the 37 million tons consumed annually in the Soviet Union.

The enormous government subsidy for bread, including the cost of importing grain, is not made public but it is certainly one reason for concern over waste—such as feeding bread to pigs or other animals.

In a sign of the seriousness with which the government views the

problem, the Politburo adopted a resolution in May calling for strict measures to stop waste and misuse of bread.

But the problem is not an easy one to solve.

"Drop in to any rural store in the Novgorod, Pskov or Leningrad regions," the newspaper Izvestia said three years ago. "Peasant women, who have lost all respect for bread, are buying five or six loaves a day to feed their livestock."

Last week, Izvestia published a report on the case of the director of the Progress Collective Farm in Moldavia, P. Proka, the man who is facing trial for feeding tons of bread to pigs. The writer was almost beside himself.

"Honestly, I find it embarrassing even to write about this, as if I were committing some sort of sacrilege," he wrote. "But it would be an even greater sacrilege to remain silent."

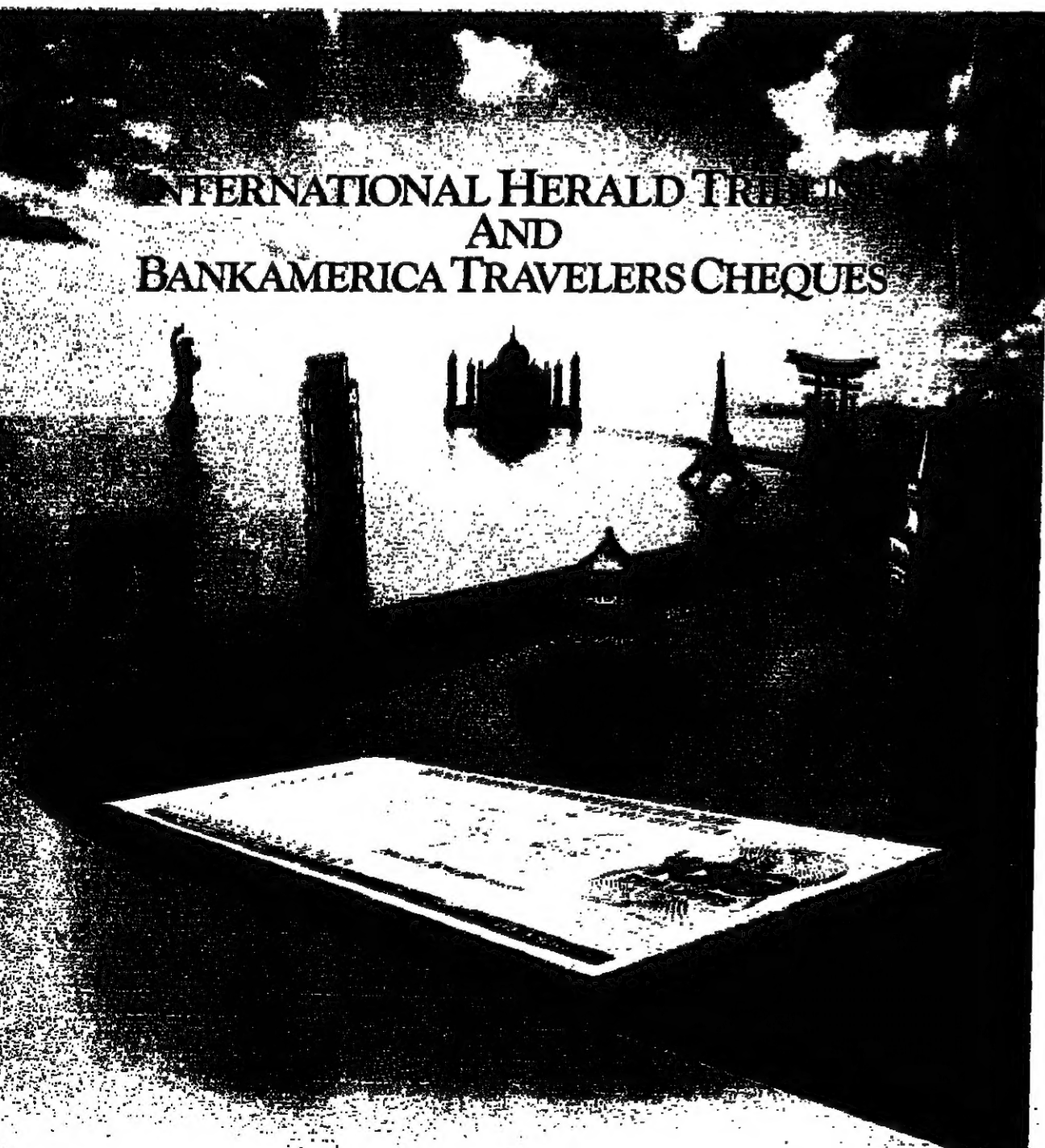
Hospitals and schools in Moldavia district had begun complaining about a bread shortage.

Historical records show that in 1638 there were 263 bakeries in Moscow, each specializing in a different type of bread, in biskuits, bliny (pancakes) or communion wafers. Until this century, white bread was for aristocrats or, as a rare treat, special feasts.

Now, bread remains the basic food in the Russian diet, obligatory with borscht and popular as a chaser to vodka.

Perhaps the staple of the Russian table is orlovsky, a sour, light-brown, smooth-grained bread that costs 18 kopecks, or 20 cents, a loaf.

Narzhny, at 13 kopecks, is a good, cheap white bread. Another inexpensive basic bread, known as gray bread, is sold in large, round loaves cut in half.



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ARTS / LEISURE

Old Art in New Guises: Painted Furniture Makes Comeback

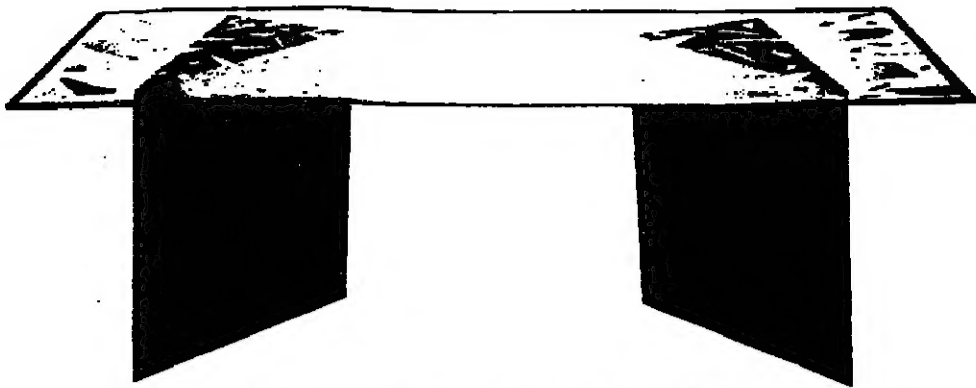
By Joseph Giovannini
New York Times Service

FOR most of the 20th century, mass-produced furniture was a matter of industrial production done in the fewest steps possible. Seldom did the brush of an artist touch the surfaces. Beautiful form may have been a design objective, but the form was left unadorned.

During the past five years, however, there has been a strong revival of interest in painted furniture, done by artists, craftsmen, architects and designers, in motifs ranging from abstract geometries to figurative drawing and trompe l'oeil. Many of the pieces are one-of-a-kind art objects or are custom-designed on commission.

There are also new furniture lines being introduced, such as the 14-piece Nuova Alchimia collection by the Italian manufacturer Zabro, and chairs in the Robert Venturi collection presented last year by Knoll. Techniques include brush painting, stenciling, air brushing and silk screening. Some pieces have designs in their laminate surfaces that originated as drawings. The spirit of the Milanese group Memphis is evident in many of the Italian designs.

The resulting furniture is engaging rather than cool, charged by unusual colors, striking designs and intriguing subject matter. A



Painted-glass table or desk by Carmen Spera.

tilt-top table, for example, designed by the architectural firm Hammond Bebb & Babka of Chicago for a branch library that will open there this autumn, will also be the storyteller's chair in the children's reading room.

On the back of the chair-table is a radiant sun; two griffins are painted on its sidearms. Depicting a type of visual legend, the chair, like a book, tells a story. "People are looking for ornament, something with content that will make a more stimulating environment," says Tannys Langdon, project architect for the library.

"I think the new furniture is a reaction to cool industrial design,"

says Carolyn Watson of a Zabro distributor, Watson Hague Einstein Inc. in Los Angeles. "The designs give a human aspect to the furniture; the legs of the Atropo game table recall architectural columns and its gold leaf takes you back to antique furniture. You interact with the designs through your memory." Introduced in April in the United States, the collection features hand-silk-screened designs applied to sturdy, factory-built furniture. The pieces combine craft and industrial production. Made in numbered editions, the pieces range from \$700 to \$3,700 in the United States. The designs that cover the tilt-top Zabro chair-table

and the Cantaride bar-chest are abstract, colorful compositions done in lacquer.

Along with furniture from Italy, pieces done by American artists and sold through such galleries as Art et Industrie in New York are among the freshest furniture designs available, coming in a great variety of shapes, sizes, and patterns. Carmen Spera's glass tables, for example, are decorated with colorfully painted shards that recall broken glass; the softly colored lacquered sideboard could contain a service for 12 and sells for \$8,500.

"Modernist furniture was about overall line and form," said Rick Kaufmann, director of Art et Industrie, "not so much about surface, iconography and decoration. You're going to see more and more decoration on objects." He also believes that these radical designs will not be accepted by the mass market until the end of the decade even though some pieces, such as the stenciled tables by Spera, could be mass-produced.

Many painted pieces are done on commission by an artist or a craftsman for a particular person and a particular place. Lynn Goodpasture, a New York artist, recently stenciled two geese on a Shaker-style blanket chest for Jan Lagerwell, a craftsman from West Cornwall, Connecticut, who built the chest. The geese were inspired by a flock that inhabits Scoville's Pond, near the town. Such stenciled and painted pine chests cost \$1,000 to \$2,000.

"When you do a custom piece, the client can influence the design," Goodpasture said. "You know where it'll go and who it's for. It's not like making a piece for a gallery."

A 10-year-old butcher-block cutting table with a plastic laminate cabinet beneath was the surface on which Leslie Horan, a Brooklyn artist, painted a trompe l'oeil still life in an apartment renovation designed by Marilyn Glass. The owners of the apartment wanted to include a picture of a toy Pekingese dog, some favorite cookbooks and peppers that look like several in an Edward Weston photograph.

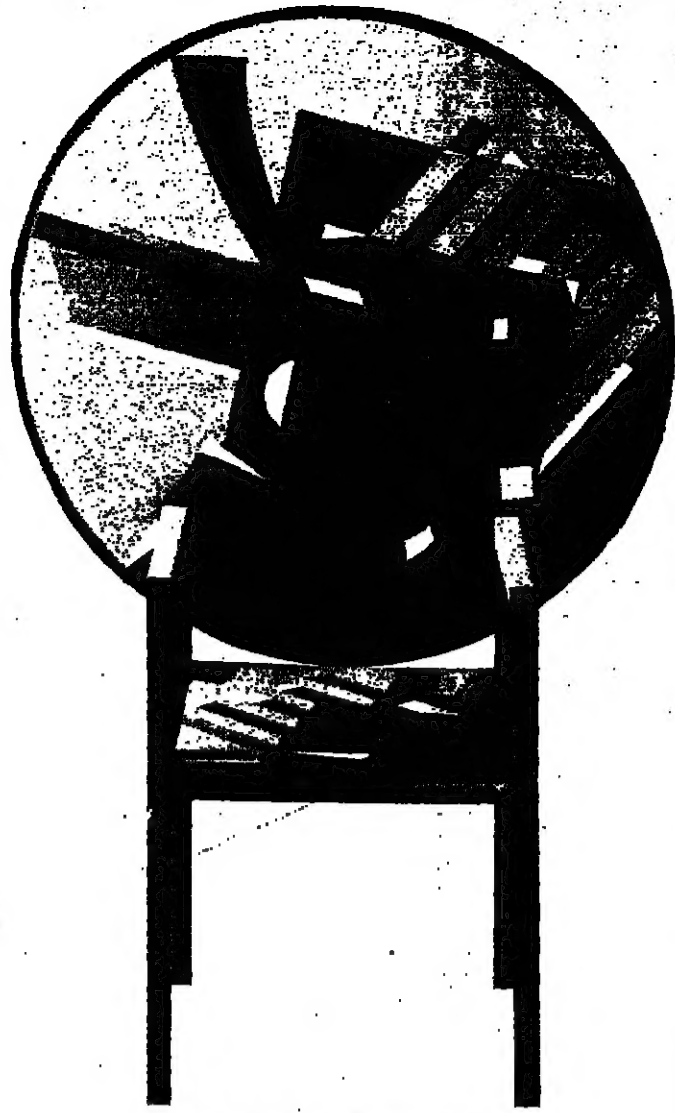
While some of the visions painted are contemporary, painted furniture itself belongs to centuries-old European and Oriental traditions. Kaufman said most artists were "at least aware of the classic traditions of applied decoration."

New York has one of the few schools of the art of the painted finish, the Isabel O'Neil Studio Workshop. Kakkia Livanos, head of the design department, said enrollment, now 350 students, had more than doubled in the last several years.

Spanish Town's Tourists Fêted With 6-Ton Paella

United Press International
VELEZ, MALAGA, Spain — More than 20,000 people jammed a Mediterranean beach to eat 11,700 pounds (5,330 kilograms) of paella, donated by this town to celebrate "Tourist Day."

"It was more people and more rice than I've ever seen in my life," said a local policeman. The mixture of rice, shellfish and spices was intended to feed 15,000 people.



Lacquered Zabro tilt-top chair-table.

'Belly of Beast' Onstage: Compulsiveness Missing

By Mel Gussow
New York Times Service

NEW YORK — The prison letters of Jack Henry Abbott, published under the title "In the Belly of the Beast," gave a terrifying picture of a life lived almost entirely behind bars and in solitary confinement in maximum-security prisons. Abbott was a "state-raised convict" who from the age of 12 until he was released at 37 had spent only nine months out of institutions. Though his nightmare was not unique, it was demonic in its relentlessness — no light of charity was allowed to pierce the blackness of his incarceration. The book revealed a fervid self-taught mind, a literary sensibility and a deep paranoia; and had made Abbott a minor literary celebrity, championed by people such as Norman Mailer.

A great deal of the torment of Abbott's prose while also, unconsciously, representing various voices (attorneys, witnesses, Adam, a woman who accompanied Abbott on the fatal night). Unlike Emily Mann's "Execution of Justice," which is scrupulous about differentiating characters and perspectives, the Abbott play settles for a less-focused collage treatment.

Andrew Robinson plays Abbott with a nervous intensity. The character seems bewildered by his dilemma, taking his glasses on and off, carefully adjusting his voice to avoid stuttering and looking quizzical when asked the simplest question. What is not suggested is a feeling of menace, of imminent explosiveness.

Because of the incendiary source material, there are scenes that are harrowing, as Abbott describes in vivid detail the mental and physical deprivations — the filthy cells without light, the guards without humanity and the instinctive perfidy of the prisoners. At one point, Abbott evokes Dante. Asking himself why he failed on the outside, he answers that he was not exactly "delivered to Paradise."

"In the Belly of the Beast" is a devastating indictment of a dehumanizing penal system. When Abbott is freed — on stage as, one assumes, in life — he is like a wild child, incapable of surviving in a totally alien world. As he said in his book, "Solitary confinement in prison can alter the ontological makeup of a stone."

Abbott. Seeing him personified in an adaptation that moves uneasily between documentation and dramatization, one is distanced from the first-hand Kafkaesque trauma.

After introducing Abbott, the adapters reveal the outcome of his case, evoking the tragic killing that led to his re-imprisonment. To do otherwise might be to provoke misplaced sympathy for the guilty. We hear what Abbott did — on the eve of the day he received critical acclaim for his book — and then turn back to his mordant reflections on his past.

Those reflections, however, are awkwardly interlarded with excerpts from the trial. Woodruff has aimed for a stylized approach — bright lights, loud buzzers, stop-action motion and a perfunctory use of television monitors. Andy Wood and William Allen Young play "readers" delivering some of Abbott's prose while also, unconsciously, representing various voices (attorneys, witnesses, Adam, a woman who accompanied Abbott on the fatal night). Unlike Emily Mann's "Execution of Justice," which is scrupulous about differentiating characters and perspectives, the Abbott play settles for a less-focused collage treatment.

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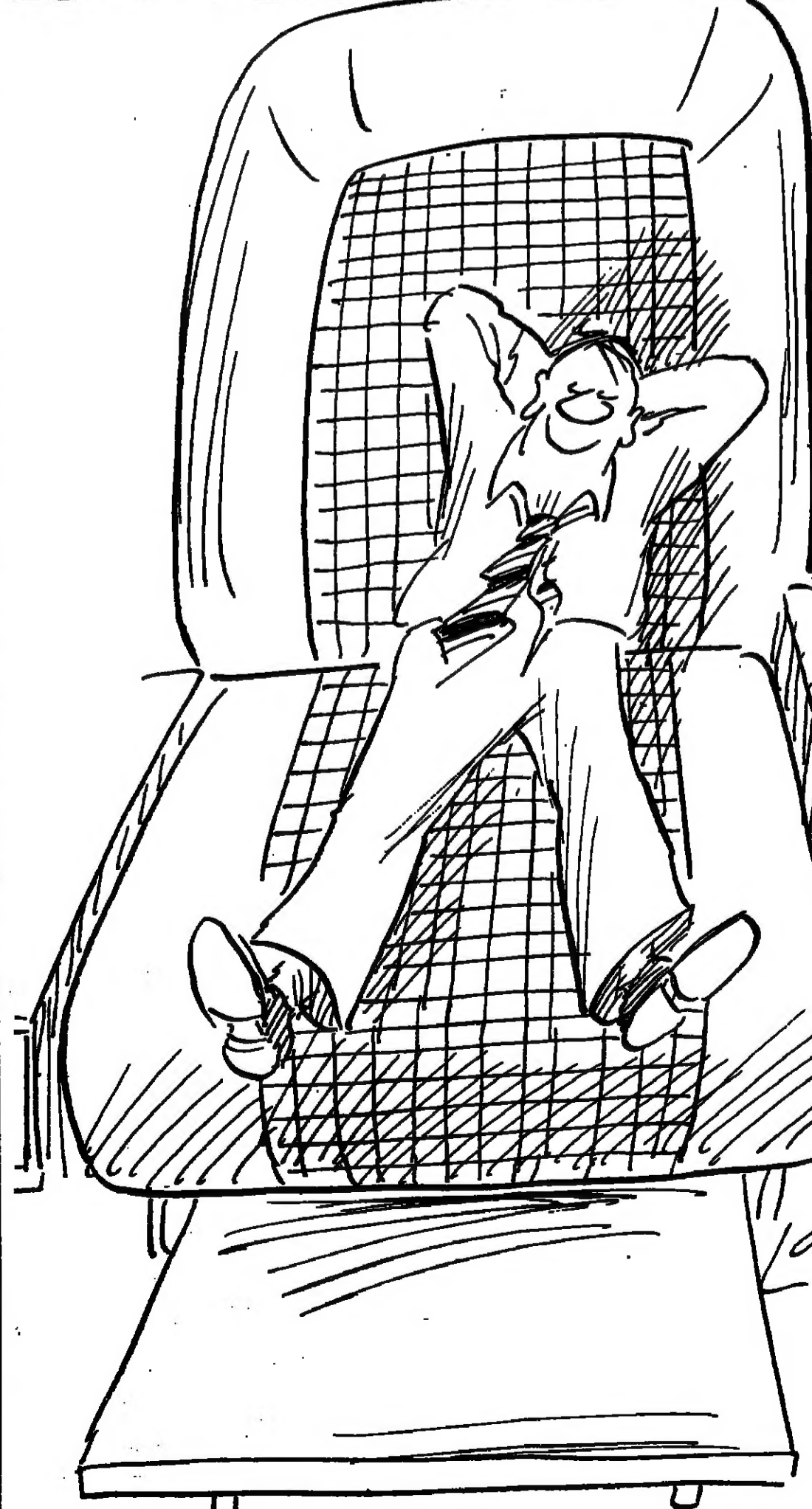
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NYSE Most Active				
Vol.	High	Low	Last	Chg.
AMER	31440	7 1/4	7 1/4	0
IBM	12070	100 1/4	100 1/4	0
GE	10000	27 1/4	27 1/4	0
AT&T	10000	34 1/4	34 1/4	0
Univ	10000	44 1/4	44 1/4	0
Int'l	10000	44 1/4	44 1/4	0
AT&T	10000	44 1/4	44 1/4	0
Int'l	10000	44 1/4	44 1/4	0
AT&T	10000	44 1/4	44 1/4	0
Int'l	10000	44 1/4	44 1/4	0

Dow Jones Averages				
Open	High	Low	Last	Chg.
Indus	1212.26	1212.26	1212.26	0
Comp	1212.26	1212.26	1212.26	0
Indus	1212.26	1212.26	1212.26	0
Comp	1212.26	1212.26	1212.26	0

NYSE Index				
High	Low	Close	Today	Prev.
Commodities	100.00	100.00	100.00	100.00
Industries	100.00	100.00	100.00	100.00
Utilities	100.00	100.00	100.00	100.00
Finance	100.00	100.00	100.00	100.00

Monday's
NYSE
Closing

Vol. at 3 P.M. 32,778,000
Prev. 3 P.M. vol. 44,478,000
Prev. consolidated close 106,477,000

Tables include the nationwide prices
as to the closing on Wall Street and
do not reflect late trades elsewhere.

via The Associated Press

AMEX Diaries				
Close	Prev.	High	Low	Chg.
Advanced	100.00	100.00	100.00	100.00
Declined	100.00	100.00	100.00	100.00
Unchanged	100.00	100.00	100.00	100.00
Total Issues	100.00	100.00	100.00	100.00
New Highs	100.00	100.00	100.00	100.00
New Lows	100.00	100.00	100.00	100.00

NASDAQ Index				
Week	Year	52 Wk	52 Wk	Chg.
High	100.00	100.00	100.00	100.00
Low	100.00	100.00	100.00	100.00
Open	100.00	100.00	100.00	100.00
Close	100.00	100.00	100.00	100.00

AMEX Most Active				
Vol.	High	Low	Last	Chg.
AMEX	100.00	100.00	100.00	100.00
AMEX	100.00	100.00	100.00	100.00
AMEX	100.00	100.00	100.00	100.00
AMEX	100.00	100.00	100.00	100.00

Dow Jones Bond Averages				
Prev.	Close	Today	Chg.	High
100.00	100.00	100.00	0	100.00
100.00	100.00	100.00	0	100.00
100.00	100.00	100.00	0	100.00

NYSE Diaries				
Close	Prev.	High	Low	Chg.
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00

Odd-Lot Trading in N.Y.				
Buy	Sell	Vol.	Chg.	High
100.00	100.00	100.00	0	100.00
100.00	100.00	100.00	0	100.00
100.00	100.00	100.00	0	100.00

Standard & Poor's Index				
High	Low	Close	Today	Prev.
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00

AMEX Sales				
3 P.M. volume	Prev. 3 P.M. volume	High	Low	Chg.
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00

AMEX Stock Index				
High	Low	Close	Today	Prev.
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00
100.00	100.00	100.00	100.00	100.00

Prices Are Firmer on NYSE

United Press International
NEW YORK — Prices on the New York Stock Exchange were modestly higher late Monday in very tight trading.
The Dow Jones industrial average was up 0.89 to 1,313.61 an hour before the close. Advances led declines by a 7-6 ratio. Volume at 3 P.M. was 34.05 million shares, down from 66.41 million in the same period Friday.
Analysts said the market was likely to continue moving in a narrow range in light trading. William Lefevre of Purcell, Graham & Co. noted that the Dow has given up about 46 points since its record close of 1,359.54 on July 19. He said an apparent "bottoming" in the Dow Jones utility index, frequently a leading indicator of the broader market's trend, could be a sign that the pullback in the overall market is nearing an end.
"Signs are mixed and inconclusive," said Joseph Feshbach of Prudential-Bache Securities. "Technical problems have arisen in the past weeks and, until they are resolved, the market has a minimal upside and a definite downside." Investors should "maintain a defensive posture toward equities for at least the balance of the summer, after which a reassessment will be in order," Mr. Feshbach said.
Before the market opened, the Commerce Department said U.S. personal income rose 0.4 percent in July, which was in line with economists' estimates.
Middle South Utilities, the most active NYSE-listed issue, was off slightly. Pan American World Airways was off a fraction. The airline has expressed an interest in buying some TWA assets. TWA was unchanged.
Revlon Inc. was up a fraction in active trading. Arkla (ex-dividend) was ahead. Helmerich & Payne was gaining.
Phillips Petroleum and Exxon were up modestly. Chevron was off a fraction.
Technology issues were mostly higher. IBM, Digital Equipment, Sperry and Control Data Corp. were ahead. Hewlett Packard was off slightly after reporting lower earnings for its third quarter.

12 Month High	Low	Open	High	Low	Close	Chg.
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0

12 Month High	Low	Open	High	Low	Close	Chg.
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0
100.00	100.00	100.00	100.00	100.00	100.00	0

EUROPEAN COAL AND STEEL COMMUNITY
International Issue
with graduated rate
\$ US 100 millions
due December, 1986

We inform the bondholders that in accordance with the terms and conditions of the notes, the European Coal and Steel Community has elected to redeem all of its outstanding notes on September 20, 1985 at a redemption price of 100.25 %.

Interest on the said notes will cease to accrue on September 20, 1985 and will be paid for \$ US 821.18 instead of \$ US 1075.

The notes will be reimbursed coupon number 6 and followings attached according to the terms and conditions of the notes.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE
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HERALD TRIBUNE

Handwritten note: 5/24/85

AMEX prices	P.10	Emotions reports	P.10
AMEX volume	P.10	Price index	P.12
NYSE prices	P.8	Gold markets	P.9
NYSE volume	P.8	Interest rates	P.9
Commodity prices	P.14	Market summary	P.8
Currency rates	P.9	Options	P.12
Commodities	P.12	OTC stock	P.12
Dividends	P.12	Other markets	P.14

TUESDAY, AUGUST 20, 1985

BUSINESS/FINANCE

FUTURES AND OPTIONS

Hedging Long-Term Risks With Short-Term Insurance

By H.J. MAIDENBERG

New York Times Service

NEW YORK — Although Treasury bond and other long-term financial futures and options were designed to help portfolio managers hedge fixed-income and options were designed to help portfolio managers hedge fixed-income holdings against adverse interest rate moves, experience has shown that these forms of insurance often provide inadequate coverage.

One reason is that the outlays for futures margins and the cost of option premiums tie up cash as well as reduce portfolio yields. Also, hedging bonds on a day-to-day basis can be difficult, because of the quarterly expiration dates of the contracts, which affect their values as much as rate moves.

For example, a manager of a portfolio of long-term fixed-income bonds would normally sell short an equivalent amount of Treasury bond futures. If interest rates rise, it would reduce the value of the portfolio, but the loss, in theory, would be offset by the gains on the futures.

"In reality, this traditional form of hedging rarely affords full portfolio coverage," said R. Sean Lapp, options coordinator for Dean Witter Reynolds Inc. in Washington, "because the portfolio manager using bond futures or options is, in effect, buying short-term insurance against long-term risks."

But even minor moves in short-term rates tend to be magnified at the far end of the maturity range. For example, in the past six months, 90-day bill rates have fluctuated 2 percentage points, while Treasury bond yields have swung over a range of 9 percentage points.

Mr. Lapp noted that during the past six months the New York Stock Exchange's composite index, known by its ticker symbol NDX, also fluctuated over a 9-point range, while some narrower equities indexes correlated slightly less to the moves in Treasury bond yields.

"Clearly, the broad-based NDX index options, while basically a short-term instrument, appear also to move in tandem with long-term yields," Mr. Lapp continued. "This led us to suggest a radical hedging strategy — the use of broad-based stock index options as a surrogate for short-term interest rate moves, as a means to hedge portfolios of long-term securities."

HE NOTED further that a 1-point move in the NDX is equal to a 7-point move in the Dow Jones industrial average. The relationship between Standard and Poor's 500, or OEX, is somewhat less, about 6 points to each of the Dow's.

Cautioning that no two fixed-income portfolios are the same, and thus require custom-made hedging strategies, Mr. Lapp nevertheless offered some guidelines.

He said the fixed-income portfolio manager must first determine whether the stock market is headed higher or lower over the next seven weeks, which is not as difficult as it would seem. "Every major brokerage house keeps track of the market's AVM, or asset valuation model," he said.

"Basically, the AVM tells us the distribution pattern of the shares in the Dow and other popular averages," Mr. Lapp said. "It tells us, for example, when a stock's price-earnings ratio is low enough to expect investor interest or has expanded to the point where selling can be expected, and a host of other key factors that are constantly being computed."

The market's AVM also informs institutional investors when portfolio yields are competitive with those on fixed-income and other investments.

Assume further, Mr. Lapp said, that the AVM also indicates that the stock market, expressed in terms of the Dow average, will

(Continued on Page 13, Col. 6)

Income Up 0.4% In U.S.

Gain Last Month Matched June's

The Associated Press

WASHINGTON — Americans' personal income rose 0.4 percent last month, despite only a modest gain in wages and salaries, the government reported Monday.

The Commerce Department said that the July income gain matched a 0.4-percent June increase with both months showing a rebound from a 0.7-percent May decline, which had been the first setback in more than two years.

With more income, Americans also increased their spending last month by 0.4 percent, which matched the June increase. Both months were down from a 0.7-percent May gain.

The income figures have been buffeted this year by delays in getting tax-refund checks delivered by the Internal Revenue Service.

Disposable, or after-tax, income rose 0.4 percent in July after plunging 2.5 percent in June. However, the June drop reflected the absence of a big surge in refund payments made in May. Analysts said the July figure more accurately reflected the underlying trend for after-tax income gains.

The personal income report for July, which showed steady if unspectacular gains, follows a string of economic barometers that have pointed to weaker U.S. economic activity last month.

Unemployment remained stuck at 7.3 percent for the sixth straight month and retail sales, industrial production and housing construction all showed weakness.

These figures represented a setback to Reagan administration hopes for a sharp rebound in economic activity in the second half of the year. While the administration is forecasting that the economy will grow at a robust 5-percent annual rate, many analysts are predicting only a slight pickup from the anemic 1-percent rate during the first six months of the year.

For July, wages and salaries rose just \$1.7 billion, down from the \$10.8-billion gain recorded in June as most industries had smaller wage gains than they had the month before.

Decision Time Approaches at GATT

David Tinnin

International Herald Tribune

GENEVA — Officials of the General Agreement on Tariffs and Trade are working with representatives of the United States and other member nations to break a stalemate in negotiations. These talks could have a lasting effect on the course of world trade.

On one side are the United States and most of the world's major trading nations, which are seeking a special GATT meeting to lay the groundwork for a new round of trade talks. On the other side are many Third World nations who fear that the United States and its allies are trying to force them to accept concessions that would seriously hamper their development.

The deadline for resolving the current stalemate is Aug. 31, the date by which member nations must approve or reject a new meeting.

According to trade experts in Geneva, failure to achieve a consensus on opening a new round of negotiations would almost certainly damage U.S. trade policy. Furthermore, an absence of progress would cast serious doubts on the effectiveness of GATT, the Geneva-based organization that oversees trade in the non-Communist world.

Trade experts in Geneva say that Washington urgently needs movement toward an improved U.S. position in world trade to deflect increasing clamor for protectionist measures among American industries, Congress and various other pressure groups.

Unless the White House can point to favorable developments for negotiations that would lower foreign barriers to American goods and services, the mood of Congress, when it reconvenes next month, is likely to be more protectionist than ever, experts say.

In that event, several pending protectionist bills are almost certain to be passed by the House and Senate, forcing President Ronald Reagan either to retreat from his relatively free-trade stand or risk having his veto overridden by Congress if he refuses to sign the legislation.

Among experts here, the worst-case scenario is that U.S. reprisals against imports would set off retaliatory moves against U.S. products in Europe and Asia that would lead to the same sort of decline in world trade



Arthur Dunkel, director of GATT, in his Geneva office.

that preceded, in the 1920s, the Depression of the 1930s.

The current crisis atmosphere surrounding world trade puts unusual pressures on GATT, as its director general, Arthur Dunkel, acknowledged in an interview.

"The time has definitely come for a new major trade negotiation," said Mr. Dunkel, a former Swiss diplomat who until now had been silent on the subject of a new trade round. "We need to reaffirm the credibility of GATT rules and reimpose them in areas that have slipped outside the realm of liberal trade."

"Otherwise, we will wake up one fine morning only to find that GATT has passed into the history books."

GATT, founded in 1948, has been a successful forum for setting fair-trade practices and arbitration procedures that helped bring about huge increases in global trade.

Its member states, which now number 90 and include all major non-Communist trading nations, subscribe to the so-called General Agreement, which implies adherence to liberal and nondiscriminatory trade practices. Since the recent worldwide recessions, however, many countries

have ignored GATT rules in favor of short-term trading advantages.

"The tragedy is that governments are deviating from the agreement to cope with what they consider exceptional circumstances," Mr. Dunkel said. "In a growing number of sectors, such as steel, automobiles, domestic electronics and the like, governments have simply acted outside the GATT. The question now is, are exceptions to the rule going to become the rule, or are we going to return to the rule?"

Over the years, there have been seven major trade negotiations, called rounds, under GATT. The most recent was the Tokyo round, which lasted from 1973 to 1979. The rounds are not regularly scheduled, but are held when a consensus is reached by GATT members that trade barriers need to be lowered.

Currently, however, there is so much disagreement among trading nations that a consensus appears remote. The United States provoked a showdown by invoking a rarely used rule to convene a special meeting for a new round of trade talks.

Unlike the World Bank or the

(Continued on Page 13, Col. 4)

Brazil Seeks To Delay New Pact With IMF

Reuters

SAO PAULO — Brazil prefers to postpone the signing of a new credit agreement with the International Monetary Fund until next year, Finance Minister Francisco Dornelles was quoted as saying Monday.

Mr. Dornelles said in an interview with Estado de São Paulo newspaper that the signing of an agreement covering economic targets that were later not met would not help Brazil's negotiations with creditor banks.

Mr. Dornelles, who is in Paris for talks with the IMF's managing director, Jacques de Larosiere, said in the interview that the delay would allow Brazil and the IMF to monitor the evolution of the country's economic program until the end of the year. He said that, by that time, the impact of the government's July package of spending cuts and tax increases would be felt.

The results in the next three months will provide a solid basis for the signing of a letter of intent for 1986 with less possibility of error, he said.

Brazil's total foreign debt is \$103 billion.

Brazil and the IMF have been seeking an accord on economic targets since the fund suspended its loan program last February after Brazil's former government failed to meet its goals.

In Paris, Mr. Dornelles said he and Mr. de Larosiere had reviewed developments in the Brazilian economy between March and July.

He said after the meeting that his government would send experts to Washington next month to discuss a new agreement with the IMF. The talks would decide whether a new agreement should cover the last months of 1985 and 1986, or should be restricted to 1986 only, he said.

The central bank governor, Antonio Carlos Lemgruber, is currently negotiating on the delay with bank creditors in New York.

Peru Stresses Priority

Peru will give priority to international organizations over foreign governments and commercial banks in paying its foreign debt, Economy Minister Luis Alva Castro was quoted Monday as saying in Caracas magazine.

Mr. Castro told the magazine

that reduced debt-service payments of 10 percent of export earnings would continue to go to international organizations, which provide funds at low interest rates.

"We can't stop paying the international organizations because they lead us to us on cheaper terms for development projects," he said. "In contrast, if one pays the commercial banks, one does not receive anything in exchange."

Peru's new debt-service limit, set by President Alan Garcia in his July 28 inaugural speech, will free about \$310 million in debt service for the next 12 months. That compares with \$3.7 billion in unpaid principal and interest to the end of 1985 and \$2.4 billion in theoretical debt service projected for 1986, Mr. Alva said.

Sale by Britain Of C&W Shares Called Likely

Reuters

LONDON — The delay in the privatization of British Airways has increased the likelihood that the government will soon sell its shares in Cable & Wireless PLC, government sources said Monday.

The Treasury was counting on the BA sale to meet its target for sales of government-owned assets of £2.5 billion (\$3.5 billion) in the year ending March 31. Sale of the government's 23-percent interest in Cable & Wireless would raise about £500 million, about the amount the Treasury needs to reach its target, the sources said.

The government may sell more Cable & Wireless shares beginning next month, when its current offering expires.

The BA privatization has been delayed by legal difficulties arising from the collapse of Laker Airways. Although BA appears near solving the problems, the chances of a public offering this fiscal year are fading, the sources said.

Currency Rates

Cross Rates	Aug. 19	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	Aug. 1
Australia	1.114	1.113	1.112	1.111	1.110	1.109	1.108	1.107	1.106	1.105	1.104	1.103	1.102	1.101	1.100	1.099	1.098	1.097	1.096
Belgium	36.025	36.024	36.023	36.022	36.021	36.020	36.019	36.018	36.017	36.016	36.015	36.014	36.013	36.012	36.011	36.010	36.009	36.008	36.007
Canada	1.246	1.245	1.244	1.243	1.242	1.241	1.240	1.239	1.238	1.237	1.236	1.235	1.234	1.233	1.232	1.231	1.230	1.229	1.228
Denmark	1.367	1.366	1.365	1.364	1.363	1.362	1.361	1.360	1.359	1.358	1.357	1.356	1.355	1.354	1.353	1.352	1.351	1.350	1.349
France	6.545	6.544	6.543	6.542	6.541	6.540	6.539	6.538	6.537	6.536	6.535	6.534	6.533	6.532	6.531	6.530	6.529	6.528	6.527
Germany	1.936	1.935	1.934	1.933	1.932	1.931	1.930	1.929	1.928	1.927	1.926	1.925	1.924	1.923	1.922	1.921	1.920	1.919	1.918
Italy	1.367	1.366	1.365	1.364	1.363	1.362	1.361	1.360	1.359	1.358	1.357	1.356	1.355	1.354	1.353	1.352	1.351	1.350	1.349
Japan	163.25	163.24	163.23	163.22	163.21	163.20	163.19	163.18	163.17	163.16	163.15	163.14	163.13	163.12	163.11	163.10	163.09	163.08	163.07
Netherlands	2.203	2.202	2.201	2.200	2.199	2.198	2.197	2.196	2.195	2.194	2.193	2.192	2.191	2.190	2.189	2.188	2.187	2.186	2.185
Spain	166.37	166.36	166.35	166.34	166.33	166.32	166.31	166.30	166.29	166.28	166.27	166.26	166.25	166.24	166.23	166.22	166.21	166.20	166.19
Sweden	4.666	4.665	4.664	4.663	4.662	4.661	4.660	4.659	4.658	4.657	4.656	4.655	4.654	4.653	4.652	4.651	4.650	4.649	4.648
Switzerland	2.036	2.035	2.034	2.033	2.032	2.031	2.030	2.029	2.028	2.027	2.026	2.025	2.024	2.023	2.022	2.021	2.020	2.019	2.018
UK	1.936	1.935	1.934	1.933	1.932	1.931	1.930	1.929	1.928	1.927	1.926	1.925	1.924	1.923	1.922	1.921	1.920	1.919	1.918

Charges in London and Zurich. Rates in other European centers. New York rates of 2 P.M. (a) Commercial bank (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (d) Units of 100 (e) Units of 1,000 (f) Units of 10,000 (g) Not quoted; N.A.; not available. (h) To buy one pound: \$0.533795.

Other Dollar Values	Aug. 19	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 11	Aug. 10	Aug. 9	Aug. 8	Aug. 7	Aug. 6	Aug. 5	Aug. 4	Aug. 3	Aug. 2	Aug. 1
Australia	0.880	0.879	0.878	0.877	0.876	0.875	0.874	0.873	0.872	0.871	0.870	0.869	0.868	0.867	0.866	0.865	0.864	0.863	0.862
Canada	0.784	0.783	0.782	0.781	0.780	0.779	0.778	0.777	0.776	0.775	0.774	0.773	0.772	0.771	0.770	0.769	0.768	0.767	0.766
France	0.154	0.153	0.152	0.151	0.150	0.149	0.148	0.147	0.146	0.145	0.144	0.143	0.142	0.141	0.140	0.139	0.138	0.137	0.136
Germany	0.518	0.517	0.516	0.515	0.514	0.513	0.512	0.511	0.510	0.509	0.508	0.507	0.506	0.505	0.504	0.503	0.502	0.501	0.500
Italy	0.137	0.136	0.135	0.134	0.133	0.132	0.131	0.130	0.129	0.128	0.127	0.126	0.125	0.124	0.123	0.122	0.121	0.120	0.119
Japan	0.006	0.005	0.004	0.003	0.002	0.001	0.000	-0.001	-0.002	-0.003	-0.004	-0.005	-0.006	-0.007	-0.008	-0.009	-0.010	-0.011	-0.012
Netherlands	0.520	0.519	0.518	0.517	0.516	0.515	0.514	0.513	0.512	0.511	0.510	0.509	0.508	0.507	0.506	0.505	0.504	0.503	0.502
Sweden	0.250	0.249	0.248	0.247	0.246	0.245	0.244	0.243	0.242	0.241	0.240	0.239	0.238	0.237	0.236	0.235	0.234	0.233	0.232
Switzerland	0.518	0.517	0.516	0.515	0.514	0.513	0.512	0.511	0.510	0.509	0.508	0.507	0.506	0.505	0.504	0.503	0.502	0.501	0.500
UK	0.518	0.517	0.516	0.515	0.514	0.513	0.512	0.511	0.510	0.509	0.508	0.507	0.506	0.505	0.504	0.503	0.502	0.501	0.500

Source: Reuters, 12:05 PM (London); 1:00 PM (New York); 2:00 PM (Paris); 3:00 PM (Tokyo); 4:00 PM (Sydney); 5:00 PM (Hong Kong); 6:00 PM (Singapore); 7:00 PM (Manila); 8:00 PM (Bangkok); 9:00 PM (Jakarta); 10:00 PM (Cebu); 11:00 PM (Colombo); 12:00 AM (Mumbai); 1:00 AM (New Delhi); 2:00 AM (Calcutta); 3:00 AM (Rangoon); 4:00 AM (Bangkok); 5:00 AM (Manila); 6:00 AM (Cebu); 7:00 AM (Colombo); 8:00 AM (Mumbai); 9:00 AM (New Delhi); 10:00 AM (Calcutta); 11:00 AM (Rangoon); 12:00 PM (Bangkok); 1:00 PM (Manila); 2:00 PM (Cebu); 3:00 PM (Colombo); 4:00 PM (Mumbai); 5:00 PM (New Delhi); 6:00 PM (Calcutta); 7:00 PM (Rangoon); 8:00 PM (Bangkok); 9:00 PM (Manila); 10:00 PM (Cebu); 11:00 PM (Colombo); 12:00 AM (Mumbai); 1:00 AM (New Delhi); 2:00 AM (Calcutta); 3:00 AM (Rangoon); 4:00 AM (Bangkok); 5:00 AM (Manila); 6:00 AM (Cebu); 7:00 AM (Colombo); 8:00 AM (Mumbai); 9:00 AM (New Delhi); 10:00 AM (Calcutta); 11:00 AM (Rangoon); 12:00 PM (Bangkok); 1:00 PM (Manila); 2:00 PM (Cebu); 3:00 PM (Colombo); 4:00 PM (Mumbai); 5:00 PM (New Delhi); 6:00 PM (Calcutta); 7:00 PM (Rangoon); 8:00 PM (Bangkok); 9:00 PM (Manila); 10:00 PM (Cebu); 11:00 PM (Colombo); 12:00 AM (Mumbai); 1:00 AM (New Delhi); 2:00 AM (Calcutta); 3:00 AM (Rangoon); 4:00 AM (Bangkok); 5:00 AM (Manila); 6:00 AM (Cebu); 7:00 AM (Colombo); 8:00 AM (Mumbai); 9:00 AM (New Delhi); 10:00 AM (Calcutta); 11:00 AM (Rangoon); 12:00 PM (Bangkok); 1:00 PM (Manila); 2:00 PM (Cebu); 3:00

Hong Kong Refuses Rights to New Airline

By Dinah Lee

International Herald Tribune

HONG KONG — The Hong Kong government has refused permission to Hong Kong Dragon Airlines Co., the newly formed competitor to Cathay Pacific Airways, to operate charter flights to Beijing and Shanghai beginning Sept. 1.

Dragonair said Monday that it would appeal the decision by the Civil Aviation Department, which it called "discriminatory and prejudicial."

Stephen Miller, chief executive of Dragonair, said the department's decision, announced Saturday, was an "unjustified effort to stifle the growth of Dragonair." Mr. Miller said the appeal would go to the colony's highest authority, the governor, Sir Edward Youde.

He added that the airline was seeking legal advice on a department regulation, introduced in July, requiring any new airline to obtain permission from the government before embarking on negotiations with a foreign country. The CAD applied the new rule retroactively to Dragonair's negotiations with China's Central Aviation Authority, which began five months ago.

From its inception last April, Dragonair has said it intended to operate chartered flights between China and Hong Kong. Since then, the airline has hired staff and leased a Boeing 737-200. In July, it obtained its air operator's certificate from the CAD.

Mr. Miller said that as recently as July 4, the CAD told Dragonair that any negotiations with Beijing would be the sole responsibility of the airline. He said that even as Dragonair's chairman, K.P. Chao, was successfully obtaining permission from China's authorities, the

CAD introduced the new regulation, effective July 26.

Mr. Miller said the CAD gave two other reasons for its decision: that a license to operate scheduled flights to Beijing and Shanghai had already been granted to Cathay Pacific, and that an agreement to Dragonair's application before British-Chinese bilateral air-service talks in September "might confuse the situation."

Dragonair responded: "Till now, Cathay has not even used its license to operate scheduled services to Beijing. ... In an obvious attempt to block our entry, they started a weekly charter to Beijing on July 9. ... It is difficult to understand why Dragonair's charter flights would confuse the situation for the Sino-British air-service talks, when Cathay's charter flights, initiated so recently, do not."

Further clouding the issue is the entry in July of another contender, British Caledonia's subsidiary, Caledonian Far East Airways. It has proposed linking Hong Kong with non-capital cities in Asia, as well as provincial cities throughout China. Cathay Pacific, which has enjoyed a virtual monopoly over Hong Kong-based air services, has strongly resisted the entry of both new services.

Mr. Chao, asked whether he had discussed the decision with Beijing's aviation director, Hu Yizhou, said, "I haven't got the authority to go to Beijing, and it appears that the Hong Kong government looks down on and won't support its own people."

Post to Acquire 53 Cable Systems From Cap Cities

The Associated Press

WASHINGTON — Washington Post Co. said Monday that it had agreed to buy 53 cable television systems from Capital Cities Communications Inc. for \$350 million.

Capital Cities is selling its cable operations in connection with its merger with American Broadcasting Cos. Capital Cities must comply with restrictions on the common ownership of cable television systems, television networks and television stations.

The Post will not buy Capital Cities' cable outlets in Plymouth and Salina, Michigan, because of a regulation that prohibits it from owning a cable system in the same area as its Detroit television station, WDIV.

The sale is contingent on the completion of the \$3.5-billion ABC-Capital Cities merger. A statement from The Post Co. said that the acquisition would be financed through borrowings.

The Post said the acquired cable operations would function as a separate division. The 53 systems have approximately 350,000 subscribers in 15 midwestern, western and southern states.

Former Continental Pilots Launch Airline in Florida and Western U.S.

Los Angeles Times Service

NEW ORLEANS — A group of former Continental Airlines pilots has launched an airline offering low-cost service in the Sun Belt of the United States.

The new carrier, called Pride Air, is based in New Orleans. Its \$15.5 million in start-up capital came mainly from the pilots, more than 100 of whom invested \$90,000 each. In all, Pride has 522 investors, including 440 persons who used to work for Continental. About \$4.2 million came from two venture capitalists.

Pride's chairman, Paul R. Eckel, formerly Continental's chief pilot, said Pride had a plan for success: providing nonstop or one-stop service to a number of under-served markets in the West and Florida. He said the new company's employee stock-ownership plan would motivate Pride's workers, even though they would not be making high wages. A flight attendant making \$1,100 a month now could realize thousands of dollars in a decade if the company did well, he said.

Pride, which has leased nine Boeing 727s, is now flying from eight of its cities — Miami, Fort Lauderdale and West Palm Beach, Florida; New Orleans, Los Angeles, San Diego, Las Vegas, and San Jose, California. The second phase of its service is to begin Wednesday with flights from Sarasota, Tampa, Jacksonville, Orlando, all in Florida; Salt Lake City, Denver, San Francisco and Sacramento, California.

The relatively smooth take-off was jarred last week when Pride sued Raymond M. Gray, one of the two venture capitalists and a director, alleging that Mr. Gray violated an agreement that he and Brian Marlar, the other venture capitalist, made with Pride giving them a limited right to market travel vouchers for standby seats. The suit asserts that Mr. Gray started to market the seats without Pride's permission. Pride is seeking an injunction, \$500,000 in compensatory damages and punitive damages of \$20 million.

Customers Line Up at Maryland Thrift After Reports of Default by Subsidiary

Compiled by Our Staff From Dispatches

BETHESDA, Maryland — Lines formed at several branches of Community Savings & Loan Inc. during the weekend as customers sought to withdraw money after reports that Equity Programs Investment Corp., a subsidiary, may default on payments to investors.

A spokesman for Governor Harry Hughes said Monday that there was no indication of lines spreading to other state-insured institutions.

EPIC, of Falls Church, Virginia, had sold limited partnership interest in single-family homes to investors across the United States. It disclosed Friday that payments to holders of securities were overdue.

COMPANY NOTES

ANSTRUP & NEW ZEALAND BANKING GROUP said it has arranged financing facilities totaling \$100 million for Adelaide-based S.A. Brewing Holdings.

BL PLC said its Austin-Rover Group is discussing with unions plans for a 10-percent cut in output. A company spokesman said that a net reduction of about 300 in the company's 28,000 work force is foreseen, effective by September.

BOT International (Hong Kong) Ltd. said that syndication of Korea Exchange Bank's 30-billion-yen (\$126.6-million) yen has been completed. The eight-year loan is the largest medium-term Euroyen loan since the relaxation of guidelines by the Japanese government in April.

Barton Group PLC said bid acceptance to its open tender offer have raised its stake in Debenhams PLC to 14.7 million ordinary shares, or 8.75 percent.

W. Canning PLC said a wholly owned subsidiary, DTC Inc., has agreed to acquire certain assets and working capital of Sybron Corp.'s Denton Division together with the share capital of Dental Laboratories Inc., for \$2.5 million.

Control Data Corp. said it will not proceed with a plan to acquire Applied Information Memories, a maker of computer disk-storage units. It said the decision was made after a review of the potential costs and benefits of the acquisition.

Hewlett-Packard Co. said earnings for its third quarter ended July 31 fell to \$117 million on revenue of \$1.61 billion, from \$134 million on revenue of \$1.56 billion a year earlier. It said new orders for the quarter were down 12 percent from a year earlier.

Ishikawajima-Harima Heavy Industries Co. said it has won an order for five bulk carriers from a group of Norwegian shipowners.

Resorts Sees Potential In Pan Am, Analysts Say

By Jonathan P. Hicks

New York Times Service

NEW YORK — Resorts International Inc., which disclosed on Friday that it had accumulated a stake in Pan American World Airways, may be attracted to the ailing carrier because it believes that Pan Am will recover soon from its problems, according to securities analysts.

Resorts reported Friday that it had an 8.8-percent stake in Pan Am. On Monday, however, in a filing with the Securities and Exchange Commission, Resorts corrected the figure to 7.2 percent of the total shares outstanding. Resorts reported from Washington.

In its announcement last week, Resorts said it had purchased the Pan Am stock for investment purposes, and that it was considering increasing its holdings to 10 percent. Officials of the hotel and gambling concern, which already owns a small helicopter service and a Miami-based airline and has long set its sights on a major carrier, could not be reached for comment.

Resorts purchased an interest in Pan Am more than a decade ago, but its effort to take over the airline failed, and it reported a loss when it sold its stock in 1974. Two months ago, Resorts made a bid to acquire Trans World Airlines for \$2.2 billion, or a total of \$759 million. The bid was rejected by TWA's board in favor of a higher offer from Texas Air Corp.

"Pan Am has received some tremendous concessions from their labor groups lately," said John V. Pincavage, the airline analyst for Paine Webber Inc. "They've done some financial restructuring. And, assuming some of their recent transactions are approved, you'll have a company that will be worth a lot more than it's currently selling for. Next year they'll have a shot at making some money."

Still, Pan Am is not without major problems. Its loss for the second

quarter widened to \$72 million from \$49 million in the same period last year. Its operating revenue fell 13.7 percent for the first half of 1985 and its long-term debt remains a huge \$970 million.

The optimism of Mr. Pincavage and other industry analysts is based on a number of factors, most notably the prospect of Pan Am receiving \$750 million in cash for the sale of its Pacific routes to UAL Inc., parent of United Airlines.

If the agreement with United is approved by the government as expected, it would result in a reduction of about \$230 million in Pan Am's long-term debt. United further agreed to assume some of Pan Am's lease obligations at various airports, which would trim another \$150 million in debt.

Also, Pan Am recently converted about \$126 million in debt to common stock. "After all of this is done," Mr. Pincavage said, "Pan Am will have about \$1 billion to \$1.2 billion in cash and, at the same time, their debt will be about \$600 million."

Even after the Pacific routes are sold, analysts say, Pan Am would still have a large international presence, including its lucrative transatlantic operations. Those routes, which reported operating profits of about \$119 million last year, represent twice the income of the routes being sold to United.

Although Resorts said that it did not expect to increase its stake in Pan Am to more than 10 percent, some analysts were skeptical and speculated about a bid for control by James M. Crosby, the company's chairman.

"Jim Crosby has always had a fascination with the airline industry," said William Kabbash, an independent analyst formerly with Tripp & Co. "I've followed this company for years, and he has always wanted an airline."

In 1978, Resorts opened the first casino in Atlantic City after gambling was approved. Propelled by its head start, Resorts reaped huge profits. In 1983, the company earned \$22 million, or \$2.19 a share.

But industrywide revenues slumped last year as casino competition increased and Resorts recorded a loss of \$4.7 million on revenue of \$468.3 million.

Bid for Control Of News Group Is Raised 25%

The Associated Press

LOS ANGELES — Norman Lear and A. J. Jervell Perenchio raised their bid on Monday for the Evening News Association by 25 percent to \$365 million.

The offer by L.P. Media was made a day before a federal appeals court was to hear a challenge to a lower court decision upholding the legality of a Michigan anti-takeover statute.

L.P. Media boosted its bid for the parent of the Detroit Evening News to \$1,250 a share from the initial \$1,000 per share it offered three weeks ago. Analysts suggested that the Evening News Association could bring up to \$1,400 a share and that Mr. Lear and Mr. Perenchio made a low initial offer believing they would have to go up later. L.P. Media's offer, for all of the Evening News Association's 432,000 shares, is contingent upon obtaining at least 51 percent of the company's stock.

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CURRENCY MARKETS

Dollar Mixed in Quiet Trading in Europe

Compiled by Our Staff From Dispatches
LONDON — The dollar was mixed Monday on European markets after some late position-taking before Tuesday's revised estimate of second-quarter growth in the U.S. gross national product.

Currency dealers described trading as quiet and trendless. Dealers in London said the dollar traded steadily in a lackluster afternoon market, touching a high of 2.7655 Deutsche marks after testing 2.74 during morning trading. It closed at 2.7625 Deutsche marks, up from Friday's 2.7519.

The pound finished at \$1.40 in London, up from Friday's close of \$1.3993.

In late trading in other markets in Europe, the dollar was at 2.7647 DM, up slightly from 2.7637 Friday.

at 8.44 French francs, down from 8.456, and at 2.2608 Swiss francs, down from 2.2633.

The pound was firmer against the Deutsche mark in London, closing at 3.867, compared with Friday's 3.8508. It was steady against the Swiss franc, ending at 3.1633 from Friday's 3.1625.

Dealers said nothing spectacular was expected from either the GNP revision or Tuesday's meeting of the Federal Open Market Committee. The market expects a decline in the GNP growth estimate to 1 percent, and no change by the committee in the Federal Reserve's monetary policy.

The dollar probably will fall if the figures indicate a slowing in

U.S. economic growth, the dealers said.

"The market needs worse than expected figures to get the dollar down to the 2.70-mark level," a U.S. bank dealer said. He said feeling was still bearish for the dollar but a technical correction could be due.

"With more people squaring up short positions we might get a reaction the other way," he said.

Dealers said U.S. economic data released Monday, showing a 0.4-percent increase in July in both personal income and spending, were uninspiring but could have given the dollar slight support.

In Tokyo, the dollar closed at 236.50 Japanese yen, almost unchanged from 237 yen Friday.

(Reuters AP)

Taiwan Boosts U.S. Investment

TAIPEI — Taiwan's Economics Ministry announced Monday that it has adopted new measures to encourage direct investment in the United States.

The deputy economics minister, Wu Mei-tsun, said that the measures, including simplified procedures and easier access to foreign exchange, are part of the government's efforts to reduce Taiwan's balance-of-payments surplus with the United States.

Taiwan's direct investment in the United States totaled \$20 million in the first seven months of this year, compared with \$15 million in the same period last year, he said.

'Sugar Group' Seeks More Access to U.S. Market

Latin, Caribbean Nations Have One Crop to Sell and Only One Place to Sell It

By Joanne Omang
Washington Post Service

WASHINGTON — Ten Central American and Caribbean nations have formed a "Sugar Group" to try to crack the U.S. sugar market by what they say is a desperate effort to save their economic and social structures from crumbling.

In a letter July 10 to Secretary of State George P. Shultz, ambassadors of the countries proposed a solution to the "severe crisis" they said has followed a crash in world sugar prices and the steady closing of the U.S. sugar market to imports.

The situation, they wrote, has had "a devastating impact" and "is beginning to affect the political and social stability of the region and will become untenable unless it is remedied promptly."

The request will force the Reagan administration to choose between its desire to help Central America and its need to please powerful domestic corn and sugar interests, which strongly oppose further concessions. A decision is expected before Sept. 15, the deadline for announcing 1985-86 U.S. sugar-quota levels.

The wrangle over sugar is an example of the increasing clashes between U.S. domestic industries and foreign-policy goals, particularly in trade.

As impoverished foreign nations seek growth and income to repay debts by selling in the U.S. market, American businesses feel threatened by less expensive foreign goods, and pressure grows for measures to protect jobs and income at home.

The Reagan administration, seeking to combat a perceived spread of Soviet influence in Central America and the Caribbean, created the Caribbean Basin Initiative in 1982 and the Jackson Plan last year, defending them as necessary to control poverty. The two programs and other foreign assistance have poured hundreds of millions of dollars in economic aid, trade arrangements and other concessions into the region.

But the CBI benefits have been virtually negated by recipients' huge cash crop, a major employer

and the only export of several small nations.

World sugar prices hit bottom in May at 2.5 cents a pound, making it cheaper to burn sugar cane than harvest it. The price reflects a glut of sugar subsidized by the European Community in a market suddenly smaller because of U.S. import quotas and quotas designed to protect U.S. corn and sugar growers.

The CBI Sugar Group is leading for broader access to U.S. consumers, now paying 2.75 cents a pound for raw sugar. So far, the CBI nations have had no luck.

In fact, the United States is moving steadily toward self-sufficiency in sweeteners, and quota levels are expected to be reduced this year.

U.S. imports from the CBI Sugar Group have declined from an average of 1.6 million tons a year between 1977 and 1981 to an estimated 594,000 tons this year. They were valued at \$686 million in 1981, at \$501.7 million in 1983 and at \$250 million this year.

Gilberto Goldstein, president of the Honduras Sugar Producers Association, told a Georgetown University seminar last month that "the situation, instead of improving, is becoming worse." He said the CBI countries were not able to meet payments on foreign obligations, to import goods and services at earlier levels or to prevent the rise of unemployment.

"It would be totally disastrous that the area, which is of basic interest to the national security of

the United States, should experience more political upheaval because of lack of vision at this time," he said.

In addition to opposing further quota reductions, the CBI nations have proposed a new way into the U.S. market that would require no legislative action, avoiding confrontation with congressional leaders in Louisiana, Florida, Hawaii and Texas. The State Department is backing the idea.

The mechanism would bring in an extra 1.5 million tons of Caribbean sugar, but only to be made into syrup — thus competing not with U.S. sugar, but with sweeteners made from U.S. corn, called high fructose corn syrup.

Corn syrup at 12 cents to 15 cents a pound is cheaper than U.S. sugar, but well above the world price. It has gradually replaced sugar in many manufacturing uses, notably in soft drinks, to the chagrin of U.S. sugar producers.

But the market for it appears to be more or less saturated, according to Agriculture Department analysts, so cane-syrup imports would not hurt U.S. sugar growers further, the ambassadors argued.

Instead, they said, imported cane syrup would challenge about 20 percent of the corn-syrup market, "representing less than 1 percent of total U.S. corn production." Surely, they argued, corn growers have other options, but the Caribbean nations have nothing to sell but

sugar, and nowhere to sell it but in the United States.

They are trying, with U.S. help, to start other crops and industries, but island soils are thin and new factories require the expenditure of money the governments do not have.

"In the Caribbean, you need hurricane-proof crops, and there are only two: sugar cane and arrowroot," a starch plant used like potatoes, said Richard Holwell, deputy assistant secretary of state for the Caribbean.

One other option, is marijuana, he said, noting that "the argument can be made that you can expect a shift from sugar to marijuana on these islands if you kill the cane market."

U.S. growers are unmoved. "We recognize the political and economic reality of their situation," said Alan Tank, speaking for the National Corn Growers Association. "We just say their problem should not be laid on the back of domestic corn growers and refineries, especially at a time when agriculture is going through a tremendous wrenching here."

Sugar growers are also opposed to the CBI proposal. "If they come in with a cheaper product than corn syrup, there are still a number of people using sugar who would switch to sugar syrup," said R. Charles Hodson, general manager of the American Sugar Cane League, which represents about 1,500 processors and growers in Louisiana.

THE EUROMARKETS

Dual-Currency Issue Again Grabs Attention

By Peter Conrad

LONDON — Attention in the markets centered Monday on a further yen dual-currency issue, a 25-billion-yen, 10-year issue for Ford Motor Credit Co., the financing unit of Ford Motor Co. of the United States. In most yen dual-currency issues, the subscription price and coupon payments are made in yen, but the principal is repaid in U.S. dollars.

The usual August holiday lull and lack of major U.S. data were blamed by dealers for the quietness of the secondary market, where most dollar-straight prices were 1/4 to 1/2 point higher, in line with the U.S. debt market. Floating-rate notes ended unchanged to up 3 points.

Dealers said that sterling-straight issues were largely steady in quiet trading, while Japanese convertibles were slightly higher, if changed at all.

The noncallable, 8-percent Ford issue, priced at 100 11/16, came after a week that saw the issue of a total of 190 billion yen of dual-currency issues. No market quote was immediately available for the Ford bonds, whose lead manager is Daiwa Europe Ltd.

Ford had launched a similar 25-billion-yen issue, also paying 8 percent a year over 10 years, July 25, but bond market sources said that Monday's issue was not a refinancing of the first.

Well after the market closed, an expected second dual-currency issue emerged in the form of a 20-billion-yen, 10-year bond for the Mortgage Bank of Denmark, priced at par and with an 8-percent-a-year coupon.

The lead manager, Daiwa Europe Ltd., said the issue had a total redemption amount of \$102.6 million, giving an effective exchange rate of 194.93 yen to the dollar. The current yen/dollar rate is about 238.

A much smaller 30-million-Australian-dollar bond for IKB Finance BV, paying 12 1/2 percent a year over five years and priced at

100%, was the only other new-issue activity out of London. It was led by Deutsche Bank Capital Markets.

Rises of 0.4 percent in U.S. July personal income and spending announced Monday were in line with expectations and had little effect on markets.

Dealers said they were awaiting Tuesday's U.S. second-quarter gross national product data. Dealers expected that the figure would be revised down to a 1.3 to 1.6 percent annual growth rate from the "flash" 1.7 percent estimate for the GNP, a measure of the total value of a nation's goods and services.

Dealers said the GNP data would have to be way out of line with expectations to have an effect on the market.

"We have not been seeing much reaction to the various U.S. figures lately," a dealer at a U.S. bank said. "If we see a lot of professional activity in the morning, then maybe the market will react."

Tuesday's meeting of the Fed's policy arm, the Federal Open Market Committee, although likely to leave monetary policy unchanged, was also a factor tending to post-pone trading Monday.

GATT Nears A Deadline

(Continued from Page 9)

International Monetary Fund, GATT does not have the strong executive powers to decide upon and enforce solutions. Mr. Dunkel, aware of his limits, said he could only act as "the honest and unbiased broker who helps governments sort out their differences and tries to keep them from becoming bogged down in unproductive procedural discussion."

The U.S. move has been supported by Japan, Canada and all members of the European Community. But a number of newly industrialized and developing countries, led by Brazil and India, are refusing to vote for the American motion because they oppose the U.S. position that services, and not just the trade in goods, should now be placed under the GATT umbrella.

So far, 32 countries have voted in favor of the U.S. motion to call a special meeting, but that count is 14 short of the majority required.

However, the chief Colombian delegate to GATT, Felipe Jaramillo, who has been consulting with the holdouts, predicted Monday that sufficient votes would be received before the end of the month.

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and the only export of several small nations.

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A Strategy for Hedging Long-Term Risks

(Continued from Page 9)

fluctuate 50 and 75 points during the last seven weeks, which has been the pattern in recent months.

"Our next step would be to create an artificial trading range with, say, NDX options," he continued. "Suppose we did this by selling a 225 September NDX call to construct the upper range and sell a 210 NDX put to set our lower level. Roughly, each \$10-million bond portfolio would require the sale of 1,000 NDX calls and 1,000 puts."

In effect, he has set a 7-point floor for the NDX, which is equivalent to 105 points on the Dow (one

NDX point equals seven Dow Jones points). When the example was given after last Thursday's close, the NDX index stood at 217.18. Thus, the hedge is relatively conservative, only 30 points more than the Dow's expected fluctuation over the next seven weeks.

"Not only is the fixed-income portfolio hedged against a violent downward move in the Dow, but also, indirectly, against adverse short-term interest rate moves," he said.

Moreover, the portfolio manager would earn a premium of \$115,000

on the 1,000 puts and calls that were sold; \$50,000 for selling the calls and \$65,000 for selling the puts, based on current market values. The premiums can be invested in money-market funds to earn a bit more income.

If the market does not move significantly over the next seven weeks, neither the calls or the puts will be exercised by the buyers and the portfolio gains the premiums. Should the market rise, the calls will be exercised, but the premium and other losses would be covered by the gains on the puts that were sold, and vice versa, Mr. Lapp said.

Monday's OTC Prices

NASDAQ prices as of 3 P.M. New York time.

Via The Associated Press

2 Month High Low Stock Div. Yld. 1985 High Low 3 P.M. Close

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SPORTS

Baseball's Struggle With Cocaine: A Widespread but Hidden Battle

By Murray Chass
Michael Goodwin
New York Times Service

NEW YORK — The use of cocaine by major league baseball players has been so widespread in recent years that scores of investigations as users, purchasers and, sometimes, as sellers of the drug. However, the players generally have not been prosecuted, and in some cases law enforcement officials have taken unusual steps to protect the players' identities.

Court documents and interviews with more than 100 players, baseball executives and law enforcement officials during a three-month investigation by The New York Times also uncovered the following facts:

• Players representing nearly all 26 major league teams have been named in connection with cocaine use in criminal cases across the United States, with some teams having several players implicated.

• In at least four cities, drug dealers or their couriers had access to baseball clubhouses and conducted sales there.

• The practice of shielding players from prosecution and identification has caused resentment among some defense lawyers, who feel that their clients have become scapegoats.

• In Kansas City, as many as 20 players, representing nine teams, and one batboy were implicated in a 1983 cocaine case, although it culminated in only four Royals being sent to federal prison.

• Two players, Dale Berra of the New York Yankees and Dave Parker of the Cincinnati Reds, were among the players named as cocaine purchasers in a statement given to federal prosecutors by a defendant in an ongoing case in Pittsburgh. Both players disputed the assertions.

• At least eight players are expected to testify in the trial next month of one of the defendants in the Pittsburgh case.

Until now, public knowledge about the extent of cocaine use in baseball has been confined to the cases of the dozen or so players who have publicly acknowledged cocaine use, and several others who have been charged individually with possession of the drug. Most of those who have acknowledged using cocaine have been those who have received treatment for addiction. Baseball officials say that an unspecified number of additional players have undergone some rehabilitation treatment, and they say others may have done so without telling anyone in baseball.

With the exception of the case in Kansas City two years ago, in which four players were sentenced to prison terms, no players have been prosecuted as a result of large-scale investigations.

Estimates of the extent of cocaine use among players vary widely, with some people connected with the game saying they believe the problem peaked a few years ago and now has declined to where only a few players used it. On the other hand, a source familiar with the Pittsburgh case said that some of the players interviewed by the Federal Bureau of Investigation said that "40 to 50 percent of all players use drugs."

The commissioner of baseball, Peter Ueberroth, while declining to estimate how many players use cocaine, said he considered drug use the No. 1 problem facing the sport and has warned that it could lead to corruption of the game by gamblers and drug dealers. Asked whether he believed the cocaine problem was less or greater than it was several years ago, he replied simply: "Greater."

Cocaine use has not been limited to cities where criminal investigations have taken place. Baseball officials across the country said they were aware that their teams had serious drug problems at one time or another.

In Montreal, for example, John McHale, president of the Expos, said that eight or nine of his players were using cocaine in 1982. Told of McHale's comments, Whitey Herzog, the manager of the St. Louis Cardinals, said his team had an even bigger drug problem when he took over in 1980. Ballard Smith, president of the San Diego Padres, said that, in 1982, "we probably had half-a-dozen guys we felt strongly were involved" with drugs.

A former member of the San Francisco Giants cited the names of four players on the 1985 team as frequent cocaine users. One of the four, Chili Davis, conceded that he had experimented with the drug and that FBI agents had warned him in 1983 that he was under surveillance.

"That was enough for me," Davis said. "You know: a word to the wise."

Baseball may learn in the next few weeks about the cocaine habits of some players through the cases of seven men charged in Pittsburgh with a total of 165 counts of cocaine possession and distribution.

While six of the cases are expected to end with guilty pleas, the one defendant government officials believe will go to trial is Curtis Strong, a Philadelphia catcher who is charged with 16 counts of cocaine distribution and with 16 counts of cocaine possession.

The officials said those likely to be called to testify in his trial, scheduled for next month, include Keith Hernandez of the New York Yankees, Mets, Berra, Parker, Lee Lacy of Baltimore, Lonnie Smith of Kansas City, Al Holland of California, Jeff Leonard of San Francisco and Enos Cabell of Los Angeles.

They are among the 11 active players and one former player who testified before the grand jury, with immunity from prosecution. In separate interviews, each declined to discuss his testimony.

Four of the 11 — Smith, Leonard, Rod Scurry of Pittsburgh and Tim Lincecum of Montreal — have acknowledged receiving rehabilitation treatment. Lee Mazzilli of Pittsburgh and John Milner, a former player with several teams, also appeared before the grand jury.

Several people close to the case said Strong traveled to other National League cities to supply players with cocaine.

Adam Renfro Jr., Strong's lawyer, said his client would not have any comment, but added: "The reason a lot of guys are pointing to him, was my guy is the least likely one who can hurt them."

Dale Shiffman, an unemployed photographer indicted on 111 counts, was to go on trial Monday, but sources close to his case said he was expected to plead guilty during a last-minute breakdown in plea bargain negotiations. The case against Shiffman was built in part with the aid of a cooperating witness, who, the FBI said, made a government-monitored purchase of cocaine from the defendant. Sources close to the case identified the witness as Kevin Koch, who was in his seventh season as the Pittsburgh Parrot, the team mascot, when he resigned in June. The sources said Koch acted as a go-between who purchased cocaine from Shiffman and delivered it to players in the clubhouse.

Contacted by telephone, Koch declined to discuss the case. "I don't have any comment," he said. "I've talked to the people I've had to talk to. There's really nothing I can say." Then he added, "I'm planning on writing a book myself."

Berra, who once played for the Pirates, and Scurry, a relief pitcher for the team, had been expected to testify at Shiffman's trial, people on both sides of the case said. A prosecution source said their names still may surface as part of a guilty plea by Shiffman. The two players, sources on both sides said, also have been mentioned as possible witnesses if another defendant, Jeffery Mosco, goes to trial.

When Scurry was asked about his involvement in the Pittsburgh investigation, he said, "I have nothing to say."

In addition, the sources said, Berra was involved with three other defendants, including Shelby Greer, a sales representative for a telecommunications company in Philadelphia. Sources familiar with Greer's statement to authorities said it named Berra as a cocaine customer and reported that one night Berra ransacked Greer's apartment looking for drugs.

Berra acknowledged renting his townhouse to Mosco and a friend of Mosco one winter, but he took issue with Greer's statement. "Shelby Greer's statements are not fact," Berra said. "I don't feel I have to comment on anything as ridiculous as that. I never ransacked Greer's apartment. It's ridiculous and it's not true."

A Yankees source said Berra, after being traded to New York, had agreed to undergo testing for drug use and has passed two tests this season, at times selected by the club.

Parker, who other players said was a friend of Greer, was another player who had substantial involvement in the Greer case, according to sources on both sides of the case. Two of those sources said that in his statement on drug trafficking in baseball, Greer, who was charged with 10 counts, said Parker once gave him \$2,000 to buy an ounce of cocaine and told him to deliver it to him in San Diego.

Parker, in a telephone interview, said he had "nothing to say" about the Pittsburgh case. Asked specifically about his inclusion on the list of witnesses for Strong's trial, he said, "I'm not acknowledging anything."

Miner, whose last season was 1982, has been identified by sources as a possible witness in the Mosco trial and as a friend of Robert McCue, another defendant. Repeated efforts to reach Miner, who played for the Pirates and the Expos, were unsuccessful. One of his lawyers, Chuck Berry of Pittsburgh, said he had been unable to locate him recently.

Some lawyers in the case expressed the belief that their clients had been treated unfairly because the witnesses received immunity from prosecution. Michael Mullen, the lawyer for Thomas Balzer, said neither Balzer nor Kevin Connolly, both of whom pleaded guilty to intent to distribute cocaine, would have been in court if it had not been for the cocaine buyers, whom he did not identify.

"Neither of these boys had the wherewithal to purchase such a large quantity of cocaine," Mullen said. "Kevin operates a heating and air conditioning plant. He didn't generate enough income. If someone hadn't laid a large amount of money on Kevin, he wouldn't have been there and neither would Tom. The guys who supply the money get immunity and walk away. It really stinks."

Another lawyer involved in one of the cases, who asked not to be identified, said he believed at least some of the defendants were friends of the players, socialized with them and, eventually, began getting drugs for them at the players' requests. "They became gofers," he said. "These guys didn't corrupt the players."

In the Milwaukee case, which resulted last year in Anthony J. Peters, a former ice cream salesman, being sentenced to 22 years in prison for running a cocaine operation that authorities said grossed \$17 million a year, the names of at least 10 players from the Brewers, Chicago White Sox and Cleveland Indians were mentioned in grand jury testimony as cocaine users. Witnesses testified that Peters had access to the Brewers' clubhouse and an Internal Revenue Service agent, Ed Miller, testified that bank records showed financial transactions involving Peters and numerous players.

At least three players — Dick Davis, a former Brewer; Paul Molitor of the Brewers and Claudell Washington, formerly of the White Sox and Mets and now with the Atlanta Braves — were interviewed by federal agents and admitted buying the drug from Peters and others, according to court documents obtained by The Times.

"I have on a number of occasions purchased drugs from Dick Davis," Miller quoted Washington as saying in an affidavit the agent read to a grand jury. "The drugs I purchased were cocaine or pot."

William Kederisha, an agent representing Washington, said his client would not comment on the case. However, Kederisha said:

"I can't think of one ballplayer where it was his first time with me," he said in an interview. "There was no such thing. They all knew how to roll up dollar bills to snort it with. I remember talking to these guys about where they had their first experience and their first experience was always with another ballplayer."

Blue, now pitching for the Giants, declined to comment, saying that he, like Liebi, was writing a book on the subject. However, regarding the issue of his introducing other players to Liebi, he said, "They were already doing cocaine."

Perhaps the largest case involving players took place in Kansas City during 1982 and 1983. Only four Royals — Vida Blue, Willie Wilson, Jerry Martin and Willie Aikens — were charged, but Mark Liebi, a Kansas City man who pleaded guilty in the case, said players from around the American League were his customers. Liebi, who was sentenced to six years in federal prison in Texas, said he sometimes delivered drugs to players at Royals Stadium.

Wilson, Martin and Aikens pleaded guilty to misdemeanor charges of attempting to possess cocaine after calls they made to Liebi were picked up by a government wiretap. Blue was charged with possession, a misdemeanor. He agreed to testify against Liebi and others in the case, including Liebi's brother, and received the same sentence as the other players: a year in prison, with nine months suspended, and a fine.

In an interview and in a sworn statement to baseball officials, Liebi said he had used cocaine with nine members of the Royals' organization, including some from the minor leagues, either at his house or those of Blue and Aikens. He said he also used cocaine with eight other players from the Oakland A's, Chicago White Sox, Boston Red Sox and Minnesota Twins, as well as a Brewers batboy.

Liebi said that Blue was the first player he met and that, after initially purchasing cocaine for others, Blue started bringing players to Liebi's house and having cocaine parties at his house. Liebi said that Blue had purchased the drug from him for at least one other player on the Detroit Tigers, that Aikens had attempted to buy it for a member of the Baltimore Orioles and that Wilson had tried to buy it for a member of the Seattle Mariners.

Aikens, then the Royals' starting first baseman but now in Toronto's minor league system, declined to comment except to say that the experience was "history."

Wilson, too, declined to comment directly on the case. But in his confession he acknowledged placing a phone call to Liebi's house in an effort to buy cocaine. Later, he said he had made the call on behalf of a friend. Liebi said the friend played for the Mariners.

What struck Liebi about the players who used cocaine, he said, was that they all had experience with the drug before they met him. "I can't think of one ballplayer where it was his first time with me," he said in an interview. "There was no such thing. They all knew how to roll up dollar bills to snort it with. I remember talking to these guys about where they had their first experience and their first experience was always with another ballplayer."

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Dale Berra, sources said, was involved with four defendants in Pittsburgh case.

Expos Joining the Race in NL East

Mattingly Is Hot, Yanks on Hot Spot

Los Angeles Times Service

NEW YORK — The Yankees' owner, George Steinbrenner, showed his young hitting star, Don Mattingly, who was boss last March. But it may turn out to cost Steinbrenner a bundle.

Mattingly, 24, who had won the American League batting title with a .343 average in his first full season as the Yankees' first baseman, was nine days away from being eligible for arbitration.

When Steinbrenner and Mattingly could not agree on the worth of the talented left-handed hitter, the owner, as was his prerogative, renewed Mattingly's contract with a raise from \$130,000 to \$225,000.

The Yankees could have signed him to a four-year contract calling for about \$1 million per season. They will never get a chance to sign him that cheap again.

After undergoing arthroscopic knee surgery in late February, Mattingly was off to a slow start. He is in high gear now and spearheading the Yankees' drive to overtake Toronto in the American League East.

Mattingly bounced a double over first base with two on and one out in the seventh inning Sunday to drive in two runs, break a 2-1 tie

and give the Yankees a 4-2 victory over the Boston Red Sox. It was their fourth straight triumph.

The double stretched Mattingly's hitting streak to 16 games and increased his major league-leading runs-batted-in total to 98.

During his hot spell, he has gone 31-for-64, has raised his average from .306 to .333, has scored 20 runs, hit eight home runs and driven in 19 runs.

He leads the league in total bases (253), doubles (36), extra-base hits (59) and in game-winning RBI (15). "I won't forget what happened," Mattingly said last night. "Steinbrenner got his this year. I'll get mine next year."

"George didn't want to take care of me, so I'll take care of myself from now on," Steinbrenner will have to dig deep.

Among those who are aware of Mattingly's importance to the Yankees is Boston's manager, John McNamara. "We pitched him away and played him away," McNamara said. "He hits the pitch the other way anyway. That's why the Yankees are a hot ball club. He's something."

"I'd only walked 10 batters all season before this series," Reardon said. "It's just a matter of concentration. I need to concentrate harder out there."

Saturday, he allowed the Cardinals to tie in the eighth, but the Expos pulled out a 5-4 victory.

BASEBALL ROUNDUP

ST. LOUIS — The Montreal Expos are serious about crashing the party at the top of the National League East Division.

They beat the Cardinals for the second straight time Sunday, and that 6-5, 10-inning triumph, coupled with the Pittsburgh Pirates' victory over the Mets, closed Montreal to within four games of co-leaders St. Louis and New York.

Terry Francona won the game with a two-run single in the 10th inning off Joaquin Andujar, who was bidding to become the majors' first 20-game winner this season. Tim Lincecum had doubled, then a walk, a ground out and an intentional walk brought up Francona.

In the bottom of the inning, relief ace Jeff Reardon walked two batters to force in a run before striking out Andy Van Slyke to get his 31st save.

"I'd only walked 10 batters all season before this series," Reardon said. "It's just a matter of concentration. I need to concentrate harder out there."

Saturday, he allowed the Cardinals to tie in the eighth, but the Expos pulled out a 5-4 victory.

Phillies 5, Cubs 5: Tom Foley, Mike Schmidt and Juan Samuel homered for Philadelphia; Chicago, playing at home, lost for the 12th time in its last 14 games.

Giants 2, Dodgers 1: Dan Gladden's two-out single in the 10th beat Los Angeles in San Francisco. The Dodgers' Orel Hershiser had a three-inning shutout and was working on his 15th shutout this year until Bob Brenly homered to tie the score in the eighth.

Rays 6, Astros 3: Player-manager Pete Rose singled in a run and scored the go-ahead run during a four-run sixth against Nolan Ryan. Ryan, who lost his eighth straight, had not given up a hit until the Reds got five singles in the sixth. Rose went 2-for-4 and needs 15 hits to break Ty Cobb's record of 4,191.

Padres 2-3, Braves 1-6: In San Diego, Graig Nettles' two-run shot-putted Dale Murphy's bases-empty homer in the first game. But in the second, Atlanta ended a six-game losing streak when Murphy and Ken Oberkfell each homered in the sixth inning and Paul Zuvella tripled in a run.

A's 4, Angels 3: In the American League, California catcher Bob Boone forgot to cover third base on a sacrifice bunt in the eighth inning in Anaheim, the runner advancing all the way from first, then Dave Collins' two-strike suicide squeeze bunt gave Oakland its victory.

That ended the Angels' nine-game winning streak at home and closed the A's to within five games of the West Division lead.

Blue Jays 10, Royals 6: George Bell drove in four runs with a two-run homer and two sacrifice flies in Toronto and Jesse Barfield got three hits, one a bases-loaded triple, against Kansas City.

Mariners 7, Twins 2: Mark Langston and two relievers held Minnesota to seven hits in Minneapolis while Gorman Thomas doubled in two runs and Spike Owen singled in two for Seattle.

Tigers 4, Indians 0: Nelson Simmons, Chet Lemon and Marty Castillo homered against Cleveland to back the three-hit pitching of Dan Pety and Willie Hernandez in Detroit.

White Sox 8, Brewers 4: Rudy Law got three hits, one a two-run triple, and pinch-hitter Jerry Hairston broke a 3-3 tie with a two-run single as Chicago won in Milwaukee. (AP, UPI)



GETTING THE LOWDOWN — Charles Rimes got a good peek at the runner Buffalo teammate Don Wilson tackled, but final score did not look so good: Miami won, 27-17.

SCOREBOARD

Baseball

Sunday's Major League Line Scores

NATIONAL LEAGUE	W	L	Pct.	GB
New York	10	4	.714	0
Pittsburgh	9	5	.643	1
Atlanta	8	6	.571	2
Los Angeles	7	7	.500	3
San Diego	6	8	.429	4
Philadelphia	5	9	.357	5
St. Louis	4	10	.286	6
Montreal	3	11	.214	7
San Francisco	2	12	.143	8
Chicago	1	13	.071	9
Milwaukee	0	14	.000	10

AMERICAN LEAGUE	W	L	Pct.	GB
New York	10	4	.714	0
Toronto	9	5	.643	1
Los Angeles	8	6	.571	2
San Diego	7	7	.500	3
Philadelphia	6	8	.429	4
St. Louis	5	9	.357	5
Montreal	4	10	.286	6
San Francisco	3	11	.214	7
Chicago	2	12	.143	8
Milwaukee	1	13	.071	9
Baltimore	0	14	.000	10

Golf

Final scores and money winners in the \$500,000 Buick Open at Warwick Hills Golf & Country Club, Warwick, N.Y. (72-holes, 54-70)	Score	Money
Ken Green, 58,000	69-67-62-68=266	\$64,470-70-272
Wayne Grady, 58,000	69-67-62-68=266	\$64,470-70-272
Mac O'Grady, 58,000	69-67-62-68=266	\$64,470-70-272
George Burns, 58,000	69-67-62-68=266	\$64,470-70-272
Gary Hallberg, 58,000	69-67-62-68=266	\$64,470-70-272
Gary Sauer, 58,000	69-67-62-68=266	\$64,470-70-272
Brett Lauer, 58,000	69-67-62-68=266	\$64,470-70-272
Roger Maltbie, 58,000	69-67-62-68=266	\$64,470-70-272
Andy Bean, 58,000	69-67-62-68=266	\$64,470-70-272
Jack Ranney, 58,000	69-67-62-68=266	\$64,470-70-272
David Graham, 58,000	69-67-62-68=266	\$64,470-70-272
Colin Pate, 58,000	69-67-62-68=266	\$64,470-70-272
Dennis Hammond, 58,000	69-67-62-68=266	\$64,470-70-272
Dave Barr, 58,000	69-67-62-68=266	\$64,470-70-272
Scott Hoch, 58,000	69-67-62-68=266	\$64,470-70-272

Transition

BASEBALL	Transition
DETROIT — Signed Randy Nease, pitcher, Milwaukee, on the 15-day disabled list retroactive to Aug. 12.	
TORONTO — Signed Winston Brown, outfielder, and signed him to Medicare plan of the Pioneer League.	
PITTSBURGH — Placed Larry McWilliams, pitcher, on the 15-day disabled list. Released Jose Oquendo, pitcher, from Hawaii of the Pacific Coast League.	

SPORTS BRIEFS

LeMond, Longo Wins Coors Classic

BOULDER, Colorado (AP) — Greg LeMond, who had won the race leader's jersey since the fifth day, won the 16-stage Coors International Bicycle Classic on Sunday while Jeanne Longo of France, who dominated the women's field with five stage victories, won the women's title. LeMond came in sixth in the final stage, a 61-mile, 37-lap race won by Steve Bauer while his Red Zinger teammate, the Tour de France champion Bernard Hinault, controlled the field and allowed LeMond to concentrate of Andrew Hampsten, his closest overall challenger.

Green Triumphs in U.S. Golf Tourney

GRAND BLANC, Michigan (AP) — Ken Green, winning his first PGA event, birdied four of the last nine holes of the Buick Open for a tournament-record 20-under-par 268 on Sunday. Four shots back was Wayne Grady, who had a two-shot lead on Green at the turn. Mac O'Grady, an Australian playing his first year on the PGA Tour after 11 years of tournaments in Asia and Europe, finished third at 274.

For the Record

Eric Dickerson, beginning the fourth week of his holdout from the National Football League's Los Angeles Rams, said that if he does not get a new contract "I'll sit here the whole season. I will." (LAT)

Challenger Gundnack Pinfar won the World Boxing Council super-bantamweight crown in a bloody but unanimous decision against fellow Mexican Juan Meza in Mexico City. (AP)

The U.S. national volleyball team beat the touring Soviet Union team, 15-4, 16-14, 15-8, in Seattle. (AP)

Football

CFL Standings

Eastern Division	W	L	T	Pct.	PA	PS
Montreal	5	2	0	.714	120	10
Toronto	3	4	0	.429	108	6
Ottawa	2	3	0	.400	122	6
Hamilton	1	5	0	.167	145	2

Western Division	W	L	T	Pct.	PA	PS
Brit. Cmb.	5	1	0	.833	100	10
Winnipeg	4	2	0	.667	111	8
Edmonton	3	3	0	.500	121	6
Saskatchewan	3	3	0	.500	125	6
Calgary	1	5	0	.167	143	2

SUNDAY'S RESULT

Winnipeg 24, Hamilton 10

NFL Exhibition

